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ABSTRACT

This guide is designed to help school counselors advise college-bound students and college students about the federal student financial assistance programs available through the Department of Education. The first section gives general information on the aid programs, eligibility requirements, and how a student demonstrates financial need. The second section gives detailed information on the application process, using the Free Application for Federal Student Aid form (FAFSA), including renewal FAFSA, FAFSA on the World Wide Web, FAFSA Express, renewal FAFSA on the Web, use of electronic data exchange, obtaining signatures when applying electronically, receiving a student's application data, submitting the initial application, how the application is processed, reviewing the forms resulting from submission of FAFSA, making information changes, using professional judgment in overriding dependency determination, the "school use only" box on the form, documenting eligibility, handling feedback from the processing system, and 1998-99 application deadlines. The final section walks through completion of the FAFSA form by section and line. An appendix lists organizational and print sources of additional information. (MSE)

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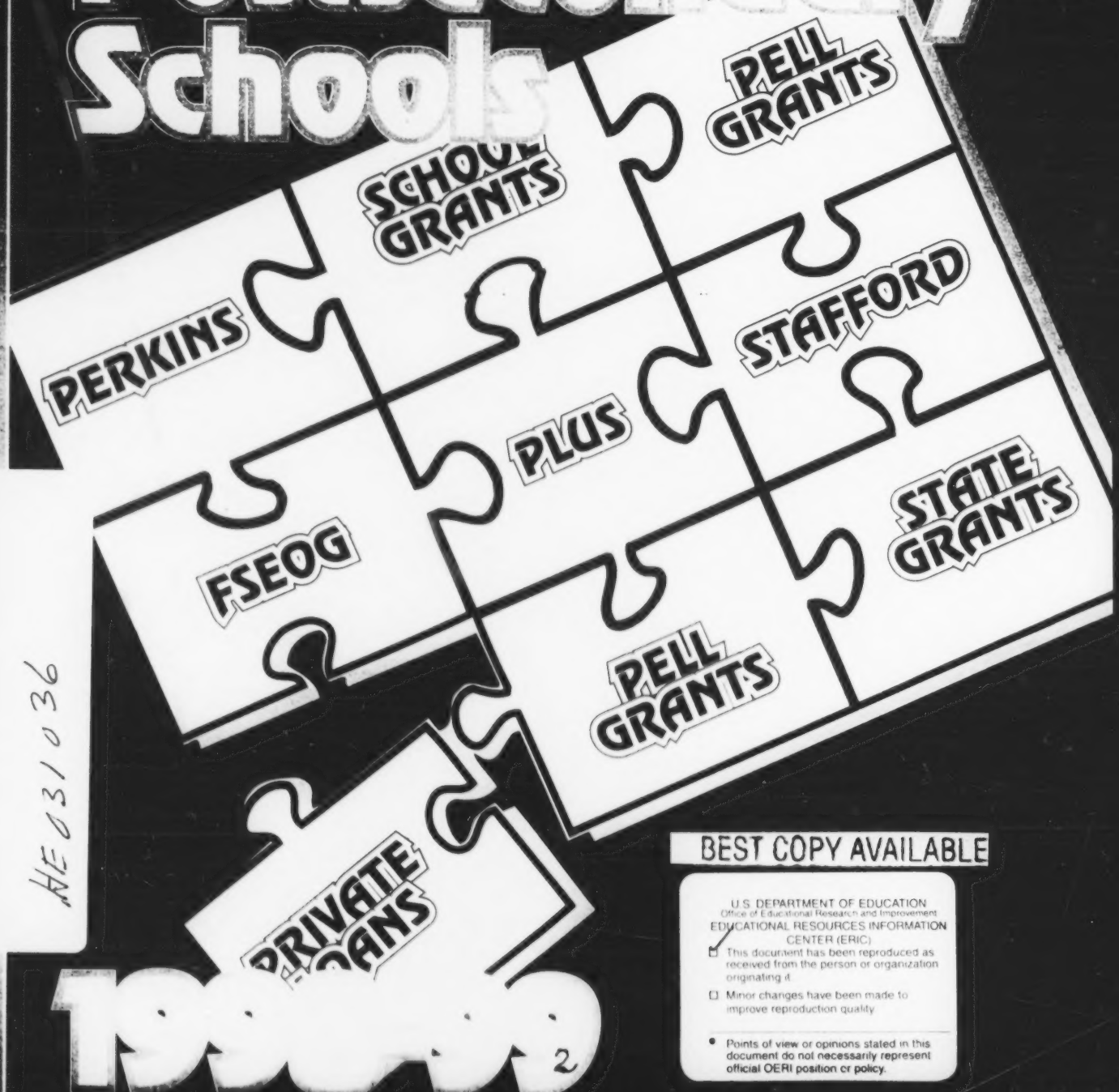
The Counselor's Handbook for Postsecondary Schools



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SFAP Telephone Numbers and Web Addresses

General Information and Application Processing

- Federal Student Aid Information Center
  1-800/433-3243 (4 FED AID) toll free
  Hours of operation: 8:00 a.m. to 8:00 p.m. (eastern), Monday through Friday

  1-319/337-5665 Toll Call
  Hours of operation: 8:00 a.m. to 8:00 p.m. (eastern), Monday through Friday

- SFA Customer Support Branch
  1-800/433-7327 (4 ED SFAP) toll free
  Hours of operation: 9:00 a.m. to 5:00 p.m. (eastern), Monday through Friday

- Ordering FAFSAs
  1-800/284-2788 toll free
  Hours of operation: Automated system is available 24 hours a day, 7 days a week

- *FAFSA on the Web*
  1-800/801-0576 toll free
  http://www.fafsa.ed.gov/
  Hours of operation: 8:00 a.m. to 8:00 p.m. (eastern), Monday through Friday

SFAP Software, Systems and Telecommunications

- Central Processing System (CPS) Customer Service
  1-800/330-5947
  ($12.06 per call, no charge for Direct Loan schools)
  cps@ncs.com
  (schools may be charged for email, depending on content)
  Direct Loan schools: dlts@ncs.com
  (no charge)
  Hours of operation: 8:00 a.m. to 8:00 p.m. (eastern), Monday through Friday

- TIV WAN Customer Service
  1-800/615-1189 ($12.61 per call)
  T4wan@ncs.com
  (no charge for Direct Loan schools)
  Hours of operation: 8:00 a.m. to 11:00 p.m. (eastern), Monday through Friday

- NSLDS Customer Service
  1-800/999-8219 toll free
  Hours of operation: 7:00 a.m. to 7:00 p.m. (eastern), Monday through Friday

Pell Grant

- Pell Grant Institutional Access System Hotline
  1-800/474-7268 (4 P GRANT) toll free
  Hours of operation: Automated system is available 24 hours a day, 7 days a week

Direct Loans

- Direct Loan Custom/Combo School Technical Support
  1-800/756-4220 toll free
  dlts@ncs.com
  Hours of operation: 8:00 a.m. to 5:00 p.m. (eastern), Monday through Friday

- Direct Loan Origination Center (LOC) School Relations
  1-800/848-0978 toll free

- Applicant Services
  1-800/557-7394 toll free
  Hours of operation: 8:00 a.m. to 8:00 p.m. (eastern), Monday through Friday

- Direct Loan Borrower Services (Utica) CDSI/AFSA
  1-800/848-0979 toll free
  Hours of operation: 8:00 a.m. to 8:30 p.m. (eastern), Monday through Friday

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INTRODUCTION

This *Postsecondary Counselor's Handbook* will help counselors advise students on the federal student aid programs from the U.S. Department of Education.

We welcome any comments or suggestions on ways to make this handbook more useful in future editions. Please send comments to:

Development Section
USED/OPE/SFAP/PTAS/TPID
ROB-3, Room 3013-5463
600 Independence Avenue, S.W.
Washington, DC 20202

Comments may also be e-mailed to: ope_sfa@ed.gov.

PART 1:

GENERAL INFORMATION

Many students do not know that they may be eligible for financial aid to attend a college or career school. Many of the neediest students assume that they cannot afford to go to college to continue their education. Financial aid is available, however, through private, institutional, state, and federal student aid programs.

To help a student find out more about the Student Financial Assistance (SFA) Programs administered by the U.S. Department of Education, a financial aid administrator (FAA) should be sure to give the student a copy of *The Student Guide*, as well as any information offered by the appropriate state's higher education agency. The Department sends order forms for *The Student Guide* to every postsecondary school in the United States in the fall. A student can order an individual copy by mail or by telephone:

Federal Student Aid Information Center
P.O. Box 84
Washington, DC 20044-0084

1-800/4-FED-AID (1-800/433-3243)

The Department has set up an automated Application Ordering System (AOS), through which financial aid offices may order bulk quantities of the *Free Application for Federal Student Aid* (FAFSA), the Spanish version of the FAFSA, and *The Student Guide*. A school can call the AOS Hotline at 1-800/284-2788 at any time and place an order or check the status of an order.

When a school calls the AOS Hotline, the automated voice system will prompt the caller for the school's mailing list number (which is the same as the Title IV School Code). Upon request, the AOS Hotline will provide information on previous orders, including the mailing date.

If a school has a problem with an order or needs to cancel or increase an order, it may contact the AOS customer service line at 1-800/394-7084 Monday through Friday, between 9:00 a.m. and 5:00 p.m. eastern time. Dear Colleague Letter ANN-97-12 (September 1997) provides further information on the AOS.

The SFA Programs

The SFA Programs are authorized by the Higher Education Act of 1965, as amended (the law). For 1997-98, the SFA Programs delivered approximately $42.8 billion in aid to 7.6 million students. Other important sources of aid may also be available to students. A student should check the reference section of the school library or public library for information on these sources. Appendix A of this publication has some helpful references.

The Department administers the following major SFA Programs:

- ❑ Federal Pell Grants
- ❑ Campus-Based Programs
  - Federal Supplemental Educational Opportunity Grants (FSEOGs)
  - Federal Work-Study (FWS)
  - Federal Perkins Loans
- ❑ William D. Ford Federal Direct Loans (Direct Loans)
  - Federal Direct Stafford Loans
  - Federal Direct PLUS Loans
- ❑ Federal Family Education Loans (FFELs)
  - Federal Stafford Loans
  - Federal PLUS Loans

Grants (Pell Grants and FSEOGs) do not have to be repaid; loans (Perkins Loans, Direct Loans, and FFELs) must be repaid. FWS provides students with income from part-time jobs.

Federal Pell Grants are awarded through strict rules set by the Department. If a student is eligible on the basis of these rules, an eligible school pays the student his or her Federal Pell Grant using federal funds.

For the campus-based programs, the Department funds participating schools annually at a specified level. The school then awards these funds to students following federal guidelines. When those funds are spent, no more campus-based aid is available at that school. Therefore, the earlier an eligible student applies, the more likely he or she is to receive campus-based aid.

There are two types of federal student loans: subsidized and unsubsidized. Subsidized loans are awarded to students on the basis of financial need. The federal government covers the borrower's interest during some significant periods, such as when the student is in school, thereby subsidizing these loans. Unsubsidized loans are not need-based; the borrower is charged interest throughout the life of the loan. Subsidized and unsubsidized loans are available to students; PLUS Loans (for parents) are always unsubsidized.

Direct Loans enables eligible students and parents to borrow from the Department instead of a bank or other lending institution. Thus, borrowers work with a single entity, the U.S. Department of Education, through its Servicing Centers. The Direct Loan Program offers a range of flexible repayment options to meet borrowers' varied financial circumstances.

The funds lent under the FFEL Program are provided by banks and other lenders, and are guaranteed by state agencies and reinsured by the federal government.

A student cannot borrow from both the FFEL Program and Direct Loans at the same time. Similarly, a parent cannot borrow from both programs at the same time for the same student. The school a student plans to attend will tell him or her from which program he or she can borrow at that school.

See *The Student Guide* for more information on the Department's major federal student aid programs.

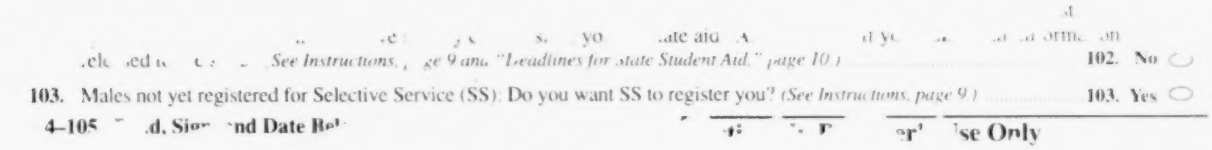
General Eligibility Requirements

Eligibility for SFA Programs (other than unsubsidized loans) is based on financial need rather than academic achievement. To have his or her financial need determined, a student must complete and file a FAFSA. Additionally, to be eligible for SFA Program funds, a student must

- ❑ have a high school diploma or a GED or receive a passing score on an independently administered examination approved by the Department;
- ❑ enroll as a regular student in an eligible degree or certificate program;
- ❑ be a U.S. citizen or eligible noncitizen;
- ❑ have a valid Social Security Number (SSN) (with one exception—see page 33);
- ❑ make satisfactory academic progress; and
- ❑ sign statements on the FAFSA regarding educational purpose and overpayments and defaults.

A student must enroll at least half time to be eligible for Direct Loans or FFELs.

Students who must register for the Selective Service may use the FAFSA to have the Department send the necessary information to the Selective Service; one of the questions on the FAFSA (number 103 under Section G) asks the applicant if he wants Selective Service to register him.


See Instructions, page 9 and "Deadlines for State Student Aid," page 10.)
102. No
103. Males not yet registered for Selective Service (SS). Do you want SS to register you? (See Instructions, page 9.)
103. Yes
Use Only

In some cases, a student will not be able to register using the FAFSA. Generally, however, a male student who is between 18 and 26 and who has not registered previously may use this method. A student should call Selective Service at 1-847/688-6888 if he has questions about registration.

Demonstrating Need

COST

As we've said, a student must demonstrate financial need to be eligible for most federal student aid. At its simplest level, a student's financial need is the difference between the student's cost of attendance (COA) at the school and the amount the family is expected to contribute toward the student's COA.

The FAA adjusts the COA to accommodate programs of study that have lab fees or higher charges for books and supplies than other programs. Students living off-campus might have higher costs for room and board and transportation expenses than students living on-campus.

The law specifies that a student's COA includes tuition and fees normally assessed a student carrying the same academic workload and an allowance for living expenses, such as room and board, books and supplies, and transportation costs. The law also provides limited allowances for loan fees, dependent-care costs, and expenses for disabled students.

EFC

Need analysis determines how much the family reasonably can be expected to contribute toward the student's COA. The Department determines need by collecting information about the family's income and assets and applying a formula to those data. For the SFA Programs, the law specifies a single need analysis formula, which produces the Expected Family Contribution (EFC). The EFC is used to award Federal Pell Grants, campus-based aid, and subsidized loans. The *EFC Formula Book 1998-99* explains the formula in detail.

To have his or her EFC determined, a student must complete and file the FAFSA. Unlike admissions applications, the FAFSA is sent to a federal government processing center that is independent of postsecondary schools. The student's information is entered into the Department's computer system, which then calculates

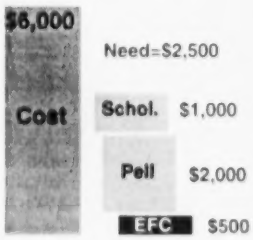
the student's official EFC. The application process for financial aid is described in Part 2 of this handbook, and completion of the FAFSA is discussed in Part 3.

To determine the amount of a student's Federal Pell Grant, the school looks up the COA and the EFC on a payment schedule. The lower the EFC is, the higher the grant award is; a student with an EFC above the maximum eligible EFC is not eligible for a Federal Pell Grant. A student with a zero EFC has the most need and receives the largest possible Federal Pell Grant.

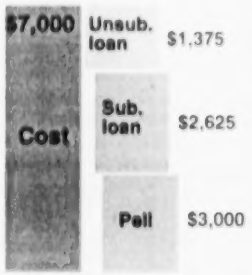
NEED

The Federal Pell Grant Program is presumed to be the first source of aid to the student, so the award process for a Federal Pell Grant does not consider other sources of aid. For the 1998-99 award year (July 1, 1998 to June 30, 1999), the maximum yearly grant is $3,000, and the maximum eligible EFC is $2,800. Note that awards do not change above a certain COA. For instance, in 1998-99, the maximum cost that affects the amount of the grant is $3,000; if a student has a zero EFC, the student's award is $3,000 whether the student attends a school that has a COA of $3,000 or a school that has a COA of $8,000.

When packaging campus-based aid or a subsidized loan, an FAA must consider the EFC along with other aid available to the student. For example, consider a student with an EFC of $500 and a COA of $6,000. The student then needs $5,500 in financial aid ($6,000 - $500 = $5,500). However, when the student receives a $2,000 Federal Pell Grant and a $1,000 outside scholarship, the student's need is reduced by $3,000. Therefore, the FAA may award up to $2,500 in campus-based aid and subsidized Federal Stafford or Direct Subsidized Loan funds ($5,500 - $3,000 = $2,500).



When packaging an unsubsidized loan, such as a Direct Unsubsidized Loan, an unsubsidized Stafford Loan, or a PLUS Loan, the FAA doesn't use the EFC figure to determine the student's or parent's eligibility, because these loans are not need based. However, the amount of the loan may not exceed the difference between the student's COA and all other aid the student is receiving, including aid from nonfederal sources. The school must consider the student's eligibility for other aid before determining a loan amount. For example, if an independent student in his or her first year of study has a COA of $7,000 and is eligible for a maximum Pell Grant ($3,000) and a maximum subsidized Stafford Loan ($2,625), the FAA may approve the student for an unsubsidized Stafford Loan of up to $1,375 ($7,000 - $3,000 - $2,625 = $1,375).



Even though eligibility for unsubsidized loans (such as Federal Direct PLUS or Federal PLUS Loans) is not based on a student's EFC, the student's eligibility for financial aid awarded on the basis of EFC (such as a Federal Pell Grant, Direct Subsidized Loan, and subsidized Federal Stafford Loan) is considered when awarding unsubsidized loans.

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Packaging and awarding aid can be complex, especially when the student is receiving work-study or noninstitutional funds. Using all available federal and nonfederal aid, the FAA generally puts together a financial aid package that comes as close as possible to meeting the student's demonstrated need. A school often presents the financial aid package to the student in the form of an award letter; however, an award letter is not a guarantee of financial aid. The student may accept or decline any of the financial aid offered in the award letter. Students often have questions about the financial aid package; these questions are best handled at the school.

PART 2:

THE APPLICATION PROCESS

Federal law requires the Department to ensure that students can apply for federal aid without paying a fee. To be considered for most of the federal student aid programs (such as Federal Pell Grants, Direct Loans, and Federal Stafford Loans), a student must fill out the FAFSA, which collects financial and other information used to calculate the EFC.

Currently, the Department contracts for two different kinds of processing services. The FAFSA Processor inputs students' FAFSA data and transmits that data to the Central Processing System (CPS). The CPS uses this information to calculate the EFC and to produce an output document (or record) reporting that EFC. The student will receive an output document, either the *Student Aid Report* (SAR) or *SAR Information Acknowledgement*, from the CPS within four weeks of submitting the FAFSA.

A school gets the student's output record electronically, in the form of an Institutional Student Information Record (ISIR). Only a school listed in Part G of a student's FAFSA will automatically receive an ISIR through either the Applicant Data Service (on tape or cartridge) or through the Electronic Data Exchange (EDE). (See page 12 for information on EDE.) A student can list up to six schools in Part G.

The application processing cycle lasts 18 months. For the 1998-99 award year, application processing began in January 1998, and applications for that year will be accepted until June 30, 1999. However, schools should advise students to submit their applications as soon as possible.

Dear Colleague Letters and Action Letters sent to schools each year provide further information on deadlines and procedures. These letters, as well as other information from the Department, are available on the World Wide Web (the web) at http://www.ed.gov/offices/OPE/Professionals. The Department also posts system updates and technical guidance announcements on the SFA Bulletin Board System (BBS). In addition, the SFA BBS has Dear Colleague Letters, Title IV Federal Registers, and the *Federal Student Financial Aid Handbook*. To order free BBS software for dial-in access, an FAA should call 1-800/433-7327. The BBS is available at http://sfa.ed.gov.

How to Apply

A student must complete a FAFSA, either electronically or on paper, even if he or she is applying only for a federal loan. The student will need copies of his or her income tax return (and his or her parents' return if dependent or spouse's return if independent), W-2 forms, current bank statements, and records of any stocks, bonds, and other investments and assets.

A student does not have to pay a fee if he or she fills out only the FAFSA. However, a school or state may require a student to fill out additional questions on a separate form so that he or she can be considered for some state or institutional aid, and the school or state may charge a fee for processing these additional questions. A student should check with his or her state agency to find out if it requires an applicant to submit a separate form to receive state aid. (Some states do use FAFSA data to award aid.)

There are two paper FAFSAs a student can use: the Department-printed FAFSA and the Portable Document Format (PDF) FAFSA, which a student may obtain from the Department's website. After downloading the PDF FAFSA, a student must print it, complete it, and mail it to the CPS.

Included with the Department-printed 1998-99 FAFSA is a postcard that a student can complete and return to the CPS with his or her completed FAFSA if he or she wishes to be notified of when the application was received. The postcard will be date stamped by the CPS and returned to the student. Postage for the postcard is not prepaid; each student must remember to affix a postage stamp to his or her postcard.

A student may apply for aid electronically through EDE, *FAFSA Express*, or the Department's latest electronic application programs, *FAFSA on the Web* and *Renewal FAFSA on the Web*. All of these application methods are free. A student who uses one of the electronic methods does not need to also submit a paper FAFSA; the student needs to complete the FAFSA only once each year, in whichever form is most convenient.

Renewal FAFSA

Finally, note that some students will not have to complete an entire FAFSA, but rather can use a Renewal FAFSA, preprinted with last year's data, and simply change or add information as needed. (Photocopies of Renewal FAFSAs and of SARs cannot be processed, due to the requirements of image scanning technology.)

For 1998-99, the CPS will mail Renewal FAFSAs to students who applied for federal student aid in 1997-98 and who meet certain conditions—for instance, their SSNs and addresses were valid, they were not in default, and so forth. These

students must provide new financial and some nonfinancial information on the Renewal FAFSA but can leave other information the same if it has not changed.

These students will receive Renewal FAFSAs in the mail or from their schools some time after November 1997. (The CPS will print and mail Renewal FAFSAs only to those students whose records were not requested by a school.)

In the fall, schools participating in EDE may request Renewal FAFSAs for some or all of the students who listed that school on their applications for the previous year. The school can either request the electronic Renewal FAFSA records or ask that the applications be printed by the CPS and mailed in bulk to the school. The school is then responsible for distributing the Renewal FAFSAs to the students and must also enter and transmit the completed Renewal FAFSA if it only requested the electronic records. More information on this process, as well as the schedule, was provided in Action Letter #1 (September 1997). For questions about Renewal FAFSAs, an FAA should call CPS Customer Service at 1-800/330-5947.

FAFSA on the Web

FAFSA on the Web is an Internet application, launched by the Department on June 30, 1997, that allows a student to complete his or her FAFSA data and submit that data directly to the CPS. After transmission, the student may then mail his or her signed signature page to the Department. The CPS determines the student's EFC within 72 hours after receiving the completed application and signature page. The CPS then prints and mails a SAR to the student.

FAFSA on the Web automatically edits applicant data before transmission, resulting in better information and fewer applications rejected by the CPS. In addition, *FAFSA on the Web* uses "skip logic," so that students are only asked questions they need to answer. Note that to protect the student's private data, *FAFSA on the Web* requires the use of certain web browsers approved by the Department; students can apply using any computer that supports an approved browser. The *FAFSA on the Web* site lists the approved browsers. Because many students and schools may already have the appropriate browser, this method may be the easiest way for a student to apply electronically. A student may use a floppy disk to save his or her data.

For more information about *FAFSA on the Web* or for technical assistance, a student may call 1-800/801-0576. The web address is http://www.fafsa.ed.gov. For FAAs, Action Letter #3 (Gen 97-13) also provides more information on *FAFSA on the Web*.

FAFSA Express

FAFSA Express allows students to apply electronically without using the web; *FAFSA Express* requires only an IBM-compatible computer with a Windows operating system and a modem. *FAFSA Express* is often available on computers in

libraries, high schools, and postsecondary schools. A student can order the program by calling 1-800/801-0576, or he or she can download it from the web at http://www.ed.gov/offices/OPE/express.html.

A student who files using *FAFSA Express* may save his or her data to a diskette but cannot save this personal data to a computer's hard drive. A student using *FAFSA Express* transmits the application data to the CPS via modem.

Renewal FAFSA on the Web

Some students who applied for federal student aid in 1997-98 are able to reapply in 1998-99 on the web using *Renewal FAFSA on the Web*. Students who are unable to file on the web or choose not to do so are still able to file Renewal FAFSAs on paper, or their schools may submit Renewal FAFSAs electronically using EDE.

The CPS assigns an Electronic Access Code (EAC) randomly to each Renewal FAFSA record. A student who wishes to apply using *Renewal FAFSA on the Web* must be residing at the same address that is on file from the previous year. He or she must apply for his or her EAC at http://www.fafsa.ed.gov. At that website, the student must provide his or her SSN, the first two letters of his or her last name, and his or her date of birth. If the system finds a record that matches the data the student provides, it will ask the student if he or she is still living at the address on file. If the student answers "yes," the system will inform him or her that a unique EAC will be mailed to that address. If the student is no longer living at the address on file, he or she cannot use *Renewal FAFSA on the Web*. However, the student can still file a paper Renewal FAFSA or have his or her school submit a Renewal FAFSA using EDE.

A student who is still living at the address on file will receive his or her EAC within 7 to 10 days after requesting it. The student then uses his or her EAC, SSN, and date of birth, along with the first two letters of his or her last name to access his or her *Renewal FAFSA on the Web* record at http://www.fafsa.ed.gov. For more information about *Renewal FAFSA on the Web* or for technical assistance, a student may call 1-800/801-0576. For FAAs, Action Letter #3 (Gen 97-13) also provides more information on *Renewal FAFSA on the Web*.

Electronic Data Exchange (EDE)

If an FAA wishes to have a student file through EDE, the student should first submit a completed paper FAFSA to the school. EDE allows an FAA or a student to electronically enter the data required for the FAFSA. After the FAA reviews the entered data, the information is sent electronically to the CPS. The CPS then processes the data and sends the school an electronic ISIR and the student a one-part *SAR Information Acknowledgement* containing the student's information and the results of the eligibility calculation. A *SAR Information Acknowledgement*

allows the student to review his or her application data; a student cannot make corrections on a *SAR Information Acknowledgement.* EDE services are provided as a part of the Department's contract for the Title IV Wide Area Network (TIV-WAN). For more information on the TIV-WAN an FAA should contact: TIV-WAN Customer Service at 1-800/615-1189.

Obtaining Signatures When a Student Applies Electronically

Like students who apply using paper FAFSAs, those who apply electronically must meet certain signature requirements. The requirements and how a student meets those requirements vary depending on what electronic method the student uses.

FAFSA on the Web and FAFSA Express

FAFSA on the Web and *FAFSA Express* will ask a student whether or not a printer is available. If one is available, the student should answer "yes." *FAFSA on the Web* or *FAFSA Express* will then print a signature page that the student should sign and mail to the CPS. The CPS processes the data and sends the student a SAR. If the CPS does not receive a signature page within 14 calendar days of receiving the data, the student will receive a "reject 16" SAR in the mail. The student must sign this SAR and return it to the CPS. If a printer is not available, the student should indicate "no." *FAFSA on the Web* or *FAFSA Express* will not attempt to print a signature page, and the CPS will not wait 14 days to generate a reject 16 SAR; it will generate one within 72 hours of receiving the data.

Schools and states will receive ISIRs for reject 16 records. A student's reject 16 SAR and his or her ISIR will reflect the data that he or she provided on the application; however, the CPS will not calculate an EFC for the student until it receives a signed signature page or a signed SAR.

Renewal FAFSA on the Web

For an independent student, the EAC substitutes for the applicant's signature, so no signature page is necessary. The application will be processed within 72 hours. Then the student will receive a SAR, and the schools listed on his or her application will receive ISIRs.

Because a dependent student must provide a parent's signature, there is still the need for a signature page for a dependent student. After a dependent student completes *Renewal FAFSA on the Web*, the system will ask the student to print a signature page and have a parent sign it. If the student indicates that no signature page was printed, the CPS will send the applicant a "reject 15" SAR with the required signature page within 72 hours. If the student indicates that a signature page was printed, the CPS will wait up to 14 calendar days to receive the signed page. If the CPS does not receive a signed signature page within 14 days, it will generate a reject 15 SAR and send it to the student. The student must have a parent sign the SAR and must send it to the address on the SAR.

As is the case with *FAFSA on the Web* and *FAFSA Express* reject 16 records, schools and states will receive ISIRs for reject 15 records. A student's reject 15 SAR and his or her ISIR will reflect the data that he or she provided on the application; however, the CPS will not calculate an EFC for the student until it receives a signed signature page or a signed SAR. Again, only a parent must sign the signature page or SAR. The EAC substitutes for the student's signature.

EDE

If a student applies through the EDE system, the school must obtain the student's signature on a completed paper application or on the "echo document" printed through EDE, and must keep the signed document in its files **even if the student does not receive federal student aid or does not attend that school**.

Receiving a Student's Application Data

A school will receive the student's application data if that student listed the school on the FAFSA. Also, with the student's permission to use his or her Data Release Number (DRN), formerly the Personal Identification Number (PIN), the school may request an ISIR for a student who did not list the school on the FAFSA. A state agency is also able to receive student data for students residing in that state and for students who list on their FAFSAs schools in that state. A school also has the option of receiving data on magnetic tape or cartridge through Applicant Data Services (ADS). For more information, an FAA should contact ADS customer service at 1-800/330-5947.

Submitting an Initial Application

A student must complete the FAFSA accurately. The CPS must receive a student's electronic FAFSA transmission by June 30, 1999. A paper FAFSA must be legible and mailed to the address specified in the FAFSA in time for the CPS to receive it by this deadline. (See page 29 for a complete list of deadlines.) There are **no exceptions** to any Department deadlines. An electronic application record received before January 1, 1998 or after June 30, 1999 will not be processed. An application signed before January 1, 1998 or received after June 30, 1999 will be returned unprocessed with a letter of explanation.

States and schools often set earlier deadlines for awarding aid from some programs, including the campus-based programs (Federal Perkins Loans, FSEOGs, and FWS). Students must also keep in mind that eligibility does not continue year to year and that a FAFSA or Renewal FAFSA must be filed each year.

A student completing the FAFSA should **read the instructions** carefully. This advice cannot be overemphasized; most errors are caused by students making assumptions about what information is being requested. Oversights and careless errors on the application, such as providing incorrect SSNs, also cause processing

delays. Such delays may cause otherwise eligible students to miss the deadline to qualify for aid.

It is important for a student to save all records and other materials used in completing the FAFSA (including photocopies of the completed FAFSA) because he or she may need them later if either the Department or the school select him or her for a process called verification. Verification is the process by which students must document what was reported on the FAFSA (see pages 20-21). Most verification requires the student to submit a copy of his or her signed federal tax return and a copy of his or her parents' or spouse's signed federal tax return (if applicable).

How the Application is Processed

The CPS analyzes the information from the FAFSA and calculates an EFC to determine how much a student and (if the student is dependent) his or her parents can be expected to contribute toward the student's COA. As discussed in Part 1, the EFC measures the family's financial strength on the basis of the student's family's income and assets. The EFC formula also takes into account the family's expenses relative to the number of persons in the household and how many of them will be attending college during the award year.

If the EFC is less than the COA, the student is considered to have financial need. A student with a zero EFC may receive the maximum Federal Pell Grant award, depending on the student's COA and enrollment status. The higher the EFC is, the less the student's need. If the student's EFC is above a maximum amount determined each award year, the student will not be eligible for a Federal Pell Grant but may be eligible for other assistance.

The CPS automatically calculates a simplified EFC for a student who meets certain income and tax filing requirements. Such a student does not need to provide asset information on the application, but if he or she does, the CPS will perform a calculation using the simplified formula (and ignoring the asset data) and a full calculation using the asset data. The student will receive a primary EFC (based on the simplified formula) and a secondary EFC (based on the full calculation). For more information on primary and secondary EFCs, see pages 26-27.

For a dependent student to qualify for the simplified calculation

- neither the student nor his or her parents can have been required to file an Internal Revenue Service (IRS) Form 1040 and
- the parents must have an Adjusted Gross Income (AGI) (for tax filers) or income earned from work (for nonfilers) of less than $50,000, not counting the income of a dependent student.

For an independent student to qualify for the simplified calculation

- neither the student nor his or her spouse can have been required to file an IRS Form 1040 and
- the student and his or her spouse must have a combined AGI (for tax filers) or combined income earned from work (for nonfilers) of less than $50,000.

The formula also provides for an automatic zero EFC for some students. Applicants who meet the following requirements will automatically receive a zero EFC:

- for a dependent student, neither parent was required to file a 1997 IRS Form 1040 and the parents' combined AGI (for tax filers) or combined income earned from work (for nonfilers) is $12,000 or less
- for an independent student with dependents other than a spouse, neither the student (or spouse) was required to file a 1997 IRS Form 1040, and the student's and spouse's combined AGI (for tax filers) or combined income earned from work (for nonfilers) is $12,000 or less.

Independent students with no dependents other than a spouse do not qualify for an automatic zero EFC.

The CPS uses a series of edits to check the consistency of the student's information. For instance, it would be inconsistent for the dependent student of a single parent to report income earned from work for two parents. If the data is inconsistent, the CPS may be unable to calculate the EFC or may calculate an EFC based on automatic assumptions. If assumptions have been used, they are indicated on the SAR or ISIR; the student must make sure the assumptions are correct.

For applications submitted through EDE, the school can anticipate certain assumptions and correct or override certain information on the student's first application. The student's information does not have to be reprocessed to confirm these assumptions. For example, if the household size and the number of family members in college are equal to each other and more than two, the CPS assumes that the number in college should be one. In an electronic application, the FAA can override this assumption if all members of the household are in fact enrolled in college. This override allows information contrary to the assumptions to be confirmed when first filing through EDE (rather than requiring later confirmation).

Data Matches

The CPS also performs several data matches. If a student's records do not satisfy the eligibility match requirements of one or more of the databases, the student's records are flagged, and the student may not be eligible to receive federal aid unless the discrepancy is resolved. Resolving such a discrepancy usually requires the student to submit additional documentation to the school.

National Student Loan Data System (NSLDS)

The CPS matches applicant data against the Department's National Student Loan Data System (NSLDS). This database identifies students who owe an overpayment on a Federal Pell Grant, FSEOG, or Federal Perkins Loan and students who have defaulted on any Federal Perkins Loan, Direct Loan, or FFEL. If a student is found to owe an overpayment or to be in default and has not made satisfactory arrangements to repay, he or she receives a comment on the SAR or ISIR saying he or she is ineligible for aid until the status is resolved.

If a match with NSLDS is completed but no student data are present, the student's output document will have a comment explaining that the student's SSN is not associated with any previous financial aid history (comment 140). The school can thus assume that the student has no financial aid history.

If a student's SSN matches a record in the NSLDS database but no financial aid history information was found, the student will receive a comment stating such (comment 137). The school is not required to take any action in such a case.

If a student's SSN matches a record in the NSLDS database but neither the first name nor date of birth matches what the student reported to the CPS, the output document will have a comment explaining that the financial aid history is not provided due to the partial match and directing the student to work with the school to resolve the discrepancy (comment 138). The loan history in the database does not appear on the student's SAR or ISIR, but the comment alerts the FAA that some financial aid history is associated with that student's SSN. The school must resolve the partial match before the student can receive aid.

Social Security Administration (SSA)

The Department sends records to the Social Security Administration (SSA) to check the validity of the SSN a student reports to the CPS. If the SSN is invalid (that is, the SSN the student reported is not found in the SSA's database), the student receives a rejected SAR, and a comment will appear on the SAR or ISIR instructing him or her to review the SSN. (Also, the student receives a comment on the SAR or ISIR if the SSN is found in the SSA's database but the name and/or date of birth reported on the FAFSA does not match SSA records.)

A comment on the output document instructs a student reporting an invalid SSN to correct the SSN or contact the SSA if he or she believes the reported SSN is correct. If the reported SSN is correct, the student must follow up with a local or regional SSA office to update the SSA database; the student must report his or her correct SSN to the SSA and provide documentation verifying the correct SSN. The Department cannot update the SSA database for the student. Once the SSA database is updated, the student may submit the SSN correction to the CPS again on the SAR, but he or she is not required to do so. Regardless of whether or not the student corrects the SSN, the school must document that it has determined the correct SSN.

The CPS also conducts a match with the SSA to verify U.S. citizenship status if the student indicates on the FAFSA that he or she is a U.S. citizen. The results of the SSA citizenship match are printed on the student's output document. When a student's reported SSN, name, or date of birth conflicts with the SSA database, no citizenship match can be performed. The student receives a comment on the output document explaining that the student's status was not checked. A student who receives this comment must provide the school with documentation substantiating his or her claim to be a citizen or eligible noncitizen. If the student's citizenship status was not confirmed through this match, the student will receive comment 146, and he or she must provide the school with documentation of his or her citizenship status.

If a student makes corrections to his or her name, date of birth, or SSN after an attempted SSA database match, this record will be rematched against the SSA database. A new match flag will be generated and reported in the FAA Information section. Once all the SSA match elements have been confirmed (that is, SSN, name, and date of birth all match and U.S. citizenship is confirmed), the SSN and citizenship flags will be carried forward to the next year's Renewal FAFSA, and the SSA match will not have to be performed each time the student applies for aid. If a student whose match data have been confirmed subsequently tries to change his or her SSN, the CPS does not accept the change and generates a comment advising the student to contact his or her FAA for assistance (comment 13). If the student used a wrong SSN, but it was confirmed by SSA, the student may need to file a new application with the correct SSN, instead of making a correction.

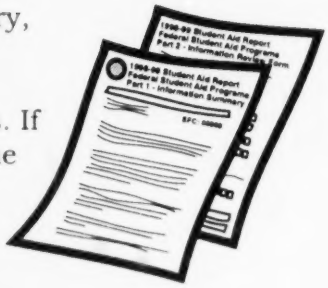
Other Matches

For each student who provides an Alien Registration Number, the CPS conducts a match with the Immigration and Naturalization Service (INS) to confirm the student's status as an eligible noncitizen.

The CPS also performs matches against drug abuse conviction records maintained by the U.S. Department of Justice and registration status information maintained by the Selective Service System. For more information on matches, see Chapter 2 of the *Federal Student Financial Aid Handbook*.

Reviewing the Output Document

A student who applies using the paper FAFSA, the PDF FAFSA, *FAFSA Express*, *FAFSA on the Web* or *Renewal FAFSA on the Web* will receive a SAR within four weeks of filing. A student who transmits an electronic application or corrections through a school via EDE receives a noncorrectable *SAR Information Acknowledgement* from the CPS. The school receives the student's ISIR automatically if the student listed the school in Part G of the FAFSA. A school not listed on the application may also request an ISIR through EDE. These output documents contain the student's EFC, the student's application information, and other information for the FAA.



The SAR comes in two parts. Part 1 is the Information Summary, and Part 2 is used for corrections. The *SAR Information Acknowledgement* and the ISIR also provide the Information Summary, but do not have a separate part used for corrections. If corrections are needed, they must be made through EDE, or the student can request a duplicate SAR through the Federal Student Aid Information Center (FSAIC) at 1-319/337-5665 and make paper corrections. This is a toll call. The student must provide his or her name, SSN, and date of birth.

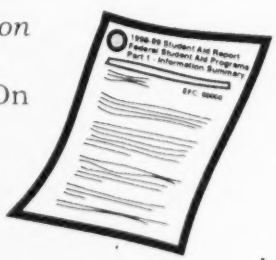
The student does not need to take the SAR to a school that he or she listed on the application because that school will have already received an ISIR. These schools may award aid based on the ISIR without receiving the printed SAR from the student. The SAR will tell the student if all, some, or none of the schools he or she listed received the output document. (A school might not receive an ISIR if the student did not correctly complete Part G.)

If a school in which the student is interested has not received the student's information electronically, he or she may give the SAR to the school; the school must then add itself to the student's CPS records (see "Adding a School" on page 22). To pay a student federal student aid, a school must have an output document with an official EFC.

The student must review the SAR carefully for errors. If the SAR contains incorrect information or certain items that need to be updated, the student may have to make changes. We discuss these changes in the section titled "Making Changes."

For additional information on output documents, please refer to *A Guide to 1998-99 SARs and ISIRs*.

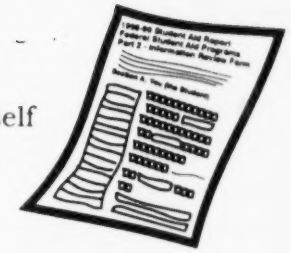
Information Summary



The Information Summary is Part 1 of the SAR. The *SAR Information Acknowledgement* and the ISIR also provide this information. This summary serves as an eligibility letter to the student and school. On the SAR and *SAR Information Acknowledgement*, the EFC is printed on the front (at the upper right) along with an explanation of the calculation and instructions for the student. A summary of the student's information is printed on the back of Part 1.

The Information Summary has a separate section titled "FAA Information." This space is used to provide a coded summary of information about the application and to provide the EFC. Additional information, such as the results of data matches, is also provided in this section. For a detailed description of the information provided in this section, see *A Guide to 1998-99 SARs and ISIRs*.

Information Review Form/Information Request Form



Part 2 of the SAR will be either the Information Review Form or the Information Request Form. Please note that Part 2 of the SAR by itself does **not** serve as an eligibility document; as mentioned previously, only the Information Summary serves as an eligibility letter.

Information Review Form

The student uses the "Information Review Form" to make corrections, if necessary, and to update certain items if they have been changed since the FAFSA was submitted. Part 2 lists the student's information under the "YOU TOLD US" column, with space, if needed, for the student to correct the information under the column headed "WRITE IN ONLY NEW OR CORRECTED INFORMATION." Data elements that have been questioned by the CPS logic are highlighted in bold type in Part 2. The parental data fields are shaded to distinguish parental data from the student's data. If the student does not provide parental data, the parental data fields are blank.

Information Request Form

The Information Request Form, rather than the Review Form, is sent when information the student provided was incomplete or inconsistent and an EFC could not be calculated. In this situation, the student will receive a four-page SAR (a "reject" SAR) with the Information Request Form as Part 2. The student must correct or verify all information identified by an arrow printed in each questioned field on the SAR. The student must write the correct answer in the boxes or ovals that appear to the right of the arrow. The student may either change the information by writing in a new answer or verify the information by writing in the same answer.

For the student to receive federal student aid, the Information Request Form **must** be completed correctly and returned to the CPS, or the school must make corrections to the SAR information electronically through EDE.

Both the Information Review Form and the Information Request Form contain helpful hints on reviewing the SAR and a "For Your Information" section. The For Your Information section tells the student the approximate time needed to review and complete the SAR, informs the student that, if he or she is convicted of drug distribution or possession, his or her eligibility for Title IV student financial aid is subject to suspension or termination, and instructs the student what to do if he or she has special circumstances.

Verification

Because the effectiveness of the federal student financial aid programs depends, in large part, on the accuracy of the data students report, schools must verify information provided by students the CPS selects. In doing so, schools must follow

the procedures established by regulation. The CPS prints an asterisk next to the EFC on the SAR to identify students whom the Department has selected for verification. (A code is also provided on the ISIR.) The school must check the information the student reported on the FAFSA, usually by requesting a copy of the signed tax returns filed by the student and, if applicable, the student's parent(s) or spouse. Many schools also conduct their own form of verification, selecting other applications for verification in addition to those selected by the CPS. Please refer to *The Verification Guide 1998-99* for more information on the verification process and requirements.

Making Changes

If a student's SAR or ISIR data is incorrect, it must be corrected or updated. An FAA may recalculate the student's EFC for the federal campus-based and loan programs without having the student report the corrected or updated information to the processing system. However, for the Federal Pell Grant Program, in most cases corrections must be reported to the CPS for recalculation of the EFC. Please see *The Verification Guide 1998-99* for exceptions to this rule. (Please note that corrections to a student's SSN must always be reported back to the CPS for data match purposes.)

When a student files a FAFSA, it creates a "snapshot" of the financial situation of the student's family as of the date the application was signed. However, errors may occur if a student files the wrong information on an application or if there are errors in data entry at the CPS. To correct application errors, a student may make the correction on his or her SAR or have his or her school use the EDE system.

For instance, a dependent student mistakenly reports her parents' total taxable income ($24,000) rather than their AGI ($19,000). The student must have her school make the correction through EDE or must make the correction herself on Part 2 of the SAR under the column headed "WRITE IN ONLY NEW OR CORRECTED INFORMATION" and must return the signed SAR to the CPS.

Please note that even if a school did not transmit a student's application via EDE, the school can still make the corrections electronically if the student brings the corrected information to the school. If the school was not included on the student's SAR or *SAR Information Acknowledgement*, the school must be certain to add itself in the next available institution field. In the event that all six of the institution fields have been used, the school must determine from the applicant which of the original six should be replaced with the new school's name and Title IV School Code.

If the student's corrections are made through EDE, the corrected data is processed by the CPS, and an electronic ISIR will be returned to the school; the student will receive the one-page *SAR Information Acknowledgement*. The school must keep signed documentation for corrections submitted electronically; the school must collect documentation before sending data to the CPS.

The student may not update income or asset information to reflect changes to his or her family's financial situation if those changes took place after the FAFSA was filed. For example, if the same student's family sold some stock after the student filed a FAFSA and spent the money on a nonreported asset such as a car, the student may not update her information to show a change in the family's assets.

However, a student must update dependency status if it changes after filing (unless it changed because of a change in the student's marital status).

- Dependency status must be updated regardless of whether the student was selected for verification.

If a student is selected for verification, he or she must update the number of family members (household size) and number of college students in the household, unless those items changed as a result of a change in the student's marital status. If an applicant is not selected for verification, household size and number in postsecondary education cannot be updated. (Verification was explained on pages 20-21.)

Any changes in dependency status, household size, or number of college students in the household can be reported on the SAR or through EDE. Remember, a student cannot update any of these three items if it changes as a result of a change in marital status.

FAFSA Processing Errors

If a student believes that the CPS incorrectly entered data from his or her application or from a submitted correction, the student can call the FSAIC and request a review of his file. An FSAIC counselor will look at an image of the student's form to determine whether the CPS made an error. If the CPS made an error, the counselor can make the correction immediately. The correction will be transmitted to the CPS within 72 hours. The schools the student listed on his or her application will receive a corrected ISIR, and the student will receive a corrected SAR in the mail within 10 days. The FSAIC, however, cannot change any data except data that the CPS entered incorrectly.

Adding a School

If a student wants to have his or her application information sent to an additional school after filing a FAFSA, the student may correct the SAR to add that school. (See Part 3, Section H of this handbook for additional information on adding a school.) The student also has the option of calling the FSAIC's toll number (1-319/337-5665) to request changes in his or her address or in the schools (Title IV School Codes) to which ISIRs are to be sent. The student will need to provide his or her DRN from the SAR. A student can also update his or her address or schools by sending a signed, written request to the CPS, or he or she can use the form in Action Letter #3 (GEN 97-13) to make these changes.

Using Professional Judgment

An FAA may use professional judgment, only on a case-by-case basis, to either increase or decrease one or more of the data elements used to calculate the EFC. The reason must be documented in the student's file and it must relate to that student's special circumstances that differentiate an individual student (not to conditions that exist for a whole class of students).

A notice on the first page of the FAFSA instructions tells the student to notify the FAA if he or she has special circumstances. The FAFSA gives examples of elementary or secondary school tuition, unusual medical or dental expenses, a family member who recently became unemployed, or other unusual circumstances. Use of professional judgment is neither limited to the situations mentioned nor required in those situations.

An FAA may not make a direct change to the EFC figure assessment rates, or allowances; he or she may adjust only an actual data item in keeping with the student's special circumstances. For example, if a family member is ill, an FAA might modify the AGI to allow for lower earnings in the coming year or might adjust assets to indicate that family savings will be expended on medical expenses. Because items like medical expenses and tuition do not appear on the application or the SAR or ISIR, FAAs need to be familiar with the elements in the formula to make and document professional judgment changes properly.

Occasionally an FAA makes a decision contrary to the professional judgment provision's intent. Unreasonable judgments have included, for example, reductions of income based on reoccurring costs such as vacation expenses, tithing expenses, and standard living expenses (related to utilities, credit card expenses, children's allowances, and the like). FAAs, whom the Department grants significant latitude in exercising professional judgment, are expected and required to make "reasonable" decisions that support the intent of the provision. The school is held accountable for all professional judgment decisions made, and it must fully document each decision.

In making adjustments for unusual expenses, an FAA should keep in mind that the income protection allowance is already included in the EFC calculation to account for modest living expenses. The FAA should consider whether the expense is already taken into account through the income protection allowance before making an adjustment. In general, a school can assume that 30% of the income protection allowance amount is for food, 22% for housing, 9% for transportation expenses, 16% for clothing and personal care, 11% for medical care, and 12% for other family consumption. The income protection allowance used for a particular student is provided as one of the intermediate values in the FAA Information Section of the output document (labeled as "IPA"). See also *The EFC Formula Book, 1998-99* for tables listing income protection allowances.

If an FAA makes an adjustment for a student who may be eligible for a Federal Pell Grant, the FAA should use the EDE corrections function or the SAR to send the adjusted information to the CPS. The FAA is not required to submit the adjustment to the CPS unless the amount of the student's Pell Grant changes as a result. If the FAA uses EDE, the school will receive the resulting ISIR, and the student will receive the one-page *SAR Information Acknowledgement.* If the FAA uses the SAR, the school will receive the resulting ISIR, and the student will receive a SAR. An adjustment to a line item is made just like a correction. If the FAA uses the SAR, he or she reports the adjusted amount on Part 2 in the column labeled "WRITE IN ONLY NEW OR CORRECTED INFORMATION." The FAA must also indicate in the "School Use Only" box that an adjustment is being made. (See the chart on page 25.)

If an FAA uses professional judgment to adjust a SAR line item, he or she must use the resulting EFC consistently for all federal student aid awarded to that student. For example, if the FAA adjusts the EFC for purposes of awarding the student's Federal Pell Grant, that adjusted EFC must also be used to award all other federal student aid to that student.

An FAA can also use professional judgment to adjust the student's COA.

Dependency Overrides

As mentioned, a student sometimes has unusual circumstances that may justify a dependency override. An FAA may override only from dependent to independent. However, if an independent student is receiving substantial support from his or her parents, an FAA may use professional judgment to adjust one or more of the FAFSA data elements, such as untaxed income. To reverse a dependency override, the FAA must use the transaction on which the override was done.

All dependency overrides must be made on a case-by-case basis, and the reason for the adjustment must be documented in the student's file.

A student receiving a dependency override fills out the gray and white areas of the FAFSA (the sections for independent students). An FAA then authorizes the dependency override by marking the oval for an override, filling in the school's Title IV School Code, and signing in the School Use Only box. A separate letter attached to the application (in lieu of making the override) is **not** acceptable.

An FAA may also use the SAR to override the dependency status of a student who has already applied by using the School Use Only box on Part 2. The FAA should check Box 1 in the section labeled D/O, fill in the school's Title IV School Code, and sign.

An FAA may also use the SAR or EDE to cancel a dependency override that another FAA performed. He or she mark Box 2 in the section labeled D/O on the SAR or follow the prompts provided in EDE.

The "School Use Only" Box

The School Use Only box on the SAR enables the FAA to tell the CPS when he or she has adjusted a SAR line item or when he or she has changed a student's dependency status. There are four common scenarios:

1. The FAA has the student correct a line item on the SAR. The FAA doesn't need to make any notation; the student must correct the SAR and mail it to the CPS.

2. The FAA makes a professional judgment adjustment to one of the line items on the SAR. He or she must check the box labeled "FAA EFC Adjustment" to let the CPS know that the change was an adjustment rather than a correction to a line item.

3. The FAA corrects a data element on the SAR and adjusts a different data element. An FAA should always report a combination of changes as an adjustment. He or she should check the box labeled "FAA EFC Adjustment."

4. The FAA uses the SAR to change a student's dependency status. He or she should check the appropriate dependency override box.

If an FAA has changed the student's dependency status (from dependent to independent), he or she should check box 1. If the FAA is canceling a dependency override another FAA performed, he or she should check box 2.

If an FAA has adjusted one or more data elements using professional judgment, he or she should check the box below.

School Use Only

Professional Judgment

D/O 1 ◯ 2 ◯ **FAA EFC Adjustment** ◯ 1

Title IV Code ☐☐☐☐☐☐

☐ **FAA Signature**
1

Whenever an FAA is indicating changes in the School Use Only box, he or she must fill in the school's Title IV School Code and sign his or her name.

Using the Official EFC to Document Eligibility

The CPS calculates the "official" EFC using the CPS edits and eligibility matches. The EFC is printed at the top of the first page of the SAR. The EFC, the secondary EFC, and the alternate EFCs printed in the FAA Information section of the SAR are all considered official figures that can be used for payment. The CPS may provide the school with an official EFC on an ISIR. An EFC from a source other than the CPS is considered an estimated figure and cannot be used for payment of any federal student aid.

When a student qualifies for the simplified needs test but he or she provides asset information on the FAFSA anyway, a primary and secondary EFC are calculated. The simplified EFC is the primary and is printed on the front of Parts 1 and 2 of the SAR. Both the primary EFC and the secondary EFC (calculated by including the supplemental data) are printed on the back of Part 2 in the heading of the School Use Only box.

The secondary EFC is rarely used. If you need to use the secondary EFC in determining the student's Pell Grant, you must indicate such when you report the Pell Grant payment.

You must base a student's Pell Grant on his or her official EFC, and you must resubmit through the CPS any data changes that result in a changed award. Ultimately, to document a student's eligibility for a Pell Grant, you must have in your records the student's final EFC and the correct application data used to calculate that EFC. The student's valid ISIR serves as this eligibility document or record (a valid ISIR is one on which all the information used to calculate the EFC is correct). Also note that a copy of an ISIR a school receives from a student or another school does **not** constitute a valid eligibility document; the CPS must send the ISIR directly to your school.

For the other federal student aid programs (except PLUS), you must have in your files at least one ISIR containing an official EFC and data processed by the CPS for each recipient. This ISIR need not contain the final, corrected, or adjusted data for that student. It merely documents that the student's data has been processed through the CPS and has gone through system edits and the eligibility matches.

You may not make payments based on an **estimated** EFC (an EFC from a source other than the CPS). Packaging can be based on an estimated EFC, and a FFEL application can be certified with an estimated figure. However, funds cannot be delivered until the school has received an official EFC from the CPS. If you have received the official EFC but need to correct or adjust the student's information, you may pay the student campus-based, Direct Loan, or FFEL funds based on your EFC recalculation. Or, you may obtain a new official EFC from the CPS by making changes through EDE or by having the student submit a corrected SAR.

The school is liable for any recalculation errors that result from using an EFC that the school or a third-party need analysis servicer calculates. The Department does not certify the accuracy of the calculations need analysis servicers perform. The Need Analysis System (NAS) program calculates the same EFC as the CPS; however, the student's information must be processed by the CPS at least once, because NAS cannot perform the eligibility matches.

To receive the 1998-99 NAS specifications, all interested need analysis servicers must enter into an agreement with the Department and comply with the procedures set forth in that agreement. New servicers must complete and sign the agreement in order to receive the NAS specifications, which are sent automatically to current NAS servicers.

Under the Federal Pell Grant Program regulations, schools are not allowed to make a first disbursement of a Pell Grant without a valid ISIR. However, you may still make an interim disbursement to a student who is selected for verification (including a student selected for verification by the school rather than the CPS). See the 1998-99 version of *The Verification Guide* for more information.

Signature Requirements (Federal Pell Grant)

Previously, for an ISIR to be valid, the student was required to sign a statement certifying the data's accuracy. This is no longer a requirement. In other words, once the student has signed the FAFSA, he or she doesn't have to sign other documentation in order to receive a Pell Grant—unless a correction or verification is required.

If a line item on a paper SAR is corrected, the student and at least one parent (for a dependent student) must sign Part 2 of the SAR before it is returned to the CPS. If an FAA has adjusted a SAR line item (or several), the adjustment(s) can be processed without the signatures of the student and parent. For corrections received through EDE, the school must have signed documentation from the student and parent: the correction on Part 2 of the SAR, a signed copy of the correction sent to the CPS, or signed verification documentation. The school must collect this documentation **before** sending data to the CPS.

Remember, if a student files through EDE at your school, you must keep on file the student's signature (on a completed paper application or on the "echo document" printed from EDE) **even if** the student does not receive federal student aid or does not attend your institution.

The Statement of Educational Purpose and the Certification Statement on Overpayments and Defaults are on the FAFSA, not the SAR or ISIR. The school is not required to collect or keep a separate copy of these statements.

Feedback from the Processing System

Comments on the SAR and ISIR identify changes an FAA has made (such as dependency overrides and professional judgment adjustments). These comments are helpful if the student has submitted more than one application. In particular, you will need to know if an FAA at another school has changed a student's information. A new student may have applied to other schools as well as your own and may present a SAR that reflects a dependency override one of those schools made. Before you pay the student based on that SAR, you must determine whether the student would be considered independent at your school, and document that decision in the student's file.

The CPS identifies a SAR or ISIR that is the result of a dependency override by printing a comment in Part 1. In addition, the letter "Y" will be printed next to Dependency Override in the FAA Information section of the SAR or ISIR if an override was performed, or "N" if it was canceled.

A SAR that has been reprocessed based on an FAA's adjustment of a data element using professional judgment will have a comment to that effect on Part 1. The SAR or ISIR will have a "Y" for an adjustment printed in the FAA Information section. An FAA at another school cannot use this adjustment and must instead make and document his or her own adjustments to a SAR.

The letter "C" printed next to the EFC indicates that there are certain comments requiring further action by the school. For example, if the Department determines through the NSLDS match that the student is in default on a federal student loan, this flag (C) is printed in addition to the appropriate comment. The flag is printed if NSLDS, Selective Service, Department of Justice, SSA or INS matches produce information requiring resolution by the school. The results of the SSA match appear in the FAA Information Box on all output documents.

A student who is eligible for a Pell Grant will have a "Y" printed next to the Pell Grant eligibility flag in the FAA Use section of the SAR or ISIR. The Pell eligibility flag will be blank if the student is not eligible for a Pell Grant.

The comments that are printed in Part 1 of the SAR are identified by numbers in the processing system. Many FAAs are familiar with these numbers, which are listed in the Applicant Data Tape record description provided to schools receiving ISIRs on data tapes, *The Federal Student Financial Aid Handbook*, the *Title IV WAN User's Guide*, and *A Guide to 1998-99 SARs and ISIRs*. As a convenience to these FAAs, the numbers of all the FAA comment codes included in the SAR will be printed in the FAA Information section.

1998-99 Application Deadlines

The CPS must receive a student's FAFSA or Renewal FAFSA (paper or electronic) no later than

June 30, 1999

If a student needs to make SAR corrections, the CPS must receive the corrected SAR no later than

August 13, 1999

A student may request a duplicate SAR by telephone or in writing through

August 13, 1999

To establish eligibility for a Federal Pell Grant, a student must either submit a valid SAR to the school's financial aid office or the school must receive a valid ISIR while the student is still enrolled for that award year, but no later than

August 31, 1999

A school may give a student whose application information is being verified up to 60 days after his or her last day of enrollment to submit the SAR to the school or to make sure the school receives the ISIR. However, the verification extension cannot continue beyond

August 31, 1998

Signature Requirements for Application and Verification Information

general requirements for federal student aid	**Application other than *Renewal FAFSA on the Web***	***Renewal FAFSA on the Web***	**IRS Forms** 1040 or other form submitted for verification	**Verification Worksheet**
Student	Must sign statement that data is accurate (on application, SAR, ISIR, or signature page)	No signature required—Electronic Access Code (EAC) substitutes for signature	Student (or spouse if applicable) must sign, or the tax preparer must sign or stamp	Must sign worksheet
Parent(s) (if student is dependent)	At least one parent must sign statement that data is accurate (on application, SAR, ISIR, or signature page)	At least one parent must sign statement that data is accurate (on application, SAR, ISIR, or signature page)	At least one parent must sign tax return, or the tax preparer must sign or stamp	At least one parent must sign
FAA	Must certify if performing dependency override			

additional requirements for receipt of a Federal Pell Grant	**SAR** to be submitted for corrections	**EDE Corrections**	**Professional Judgment** (on SAR or through EDE)	**Eligibility Document** (valid SAR or ISIR)
Student	Must sign corrections statement on Part 2 of SAR	School must have signed documentation		**No signature required**
Parent(s) (if student is dependent)	At least one parent must sign the corrections statement on Part 2 of the SAR	School must have signed documentation		**No signature required**
FAA			Must certify for adjustments or dependency overrides	

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PART 3:

COMPLETING THE FAFSA

As mentioned in Part 2 of this handbook, a student does not have to pay a fee for having the FAFSA processed. Information collected on the FAFSA is, by law, used to calculate the EFC. The FAFSA is developed by the U.S. Department of Education. Comments on the design of the form may be sent to:

Application and Pell Processing Systems Division
U.S. Department of Education
600 Independence Avenue, S.W.
ROB-3, Room 4621 MS 5454
Washington, DC 20202

The 1998-99 FAFSA is white, blue, and gray. Dependent students must complete the white and blue areas; independent students must complete the white and gray areas.

The instructions included with the application explain how to answer each question. In the following pages, we have provided a copy of the 1998-99 FAFSA. In addition, because the instructions cannot address every possible family situation, we will discuss the purpose of the FAFSA questions and discuss how information should be reported in some unusual cases.

To complete the FAFSA, a student should use black ink or a No. 2 pencil. Dollar amounts should be rounded to the nearest whole dollar. Dates must be reported in numbers in the boxes provided, such as 02/14/98 for February 14, 1998.

Month	Day	Year
0 2	1 4	1 9 9 8

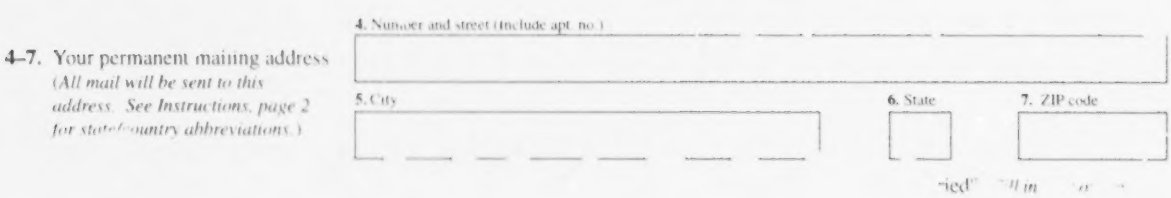
This part of this handbook is also available online at http://www.ed.gov/prog_info/SFA/FAFSA.

Section A—"You (the student)"

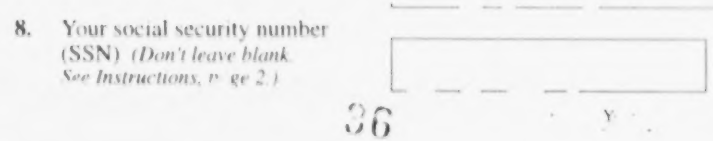
Purpose: *The FAFSA collects identifying information that is used to track a student (name, telephone number, address, SSN, and so on) and other information that affects a student's basic eligibility for federal student aid. For instance, Section A includes a question about citizenship status because a student must be a U.S. citizen or eligible noncitizen to receive federal student aid. Similarly, a student who has a bachelor's degree is ineligible to receive a Federal Pell Grant or an FSEOG. For 1998-99, three questions about the student's education background were added to Section A. (The questions used to be in a separate Section B.) These questions collect information on the educational background of a student and his or her parents. Some state agencies use this information to award grants and scholarships.*

Questions 1-3 ask for the student's name. The name, along with other identifying information, is used for several of the data matches. Because the Department matches the name and SSN with the SSA, the name provided here should match the name on the student's Social Security card. Otherwise, the student may receive a comment about the inconsistency, and some of the other match results may be inconsistent.

Questions 4-7 ask for a student's permanent mailing address. The student generally must give a **permanent home mailing address** (not a school or office address). An incarcerated student may use his or her school's administrative address or the correctional facility's address. If such a student uses the school's administrative address, he or she must include with the FAFSA a letter from the school indicating that he or she is incarcerated and is, therefore, using the school's address.


4–7. Your permanent mailing address
(All mail will be sent to this address. See Instructions, page 2 for state/country abbreviations.)
4. Number and street (include apt. no.)
5. City
6. State
7. ZIP code

Question 8 asks for a student's SSN. A student must have an SSN to apply for federal financial aid. If the student submits a FAFSA without an SSN, the FAFSA will be returned to the student unprocessed. To get an SSN, or to determine what it is if a student's Social Security card has been lost, the student must contact the local Social Security office. For additional information (in English and Spanish), a student should call the SSA at 1-800/772-1213.

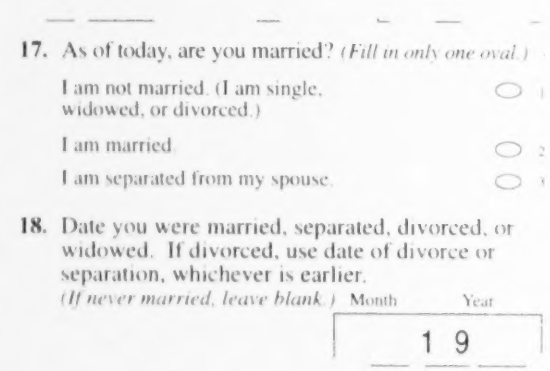


The one exception to the SSN requirement is for students from the Republic of the Marshall Islands, the Federated States of Micronesia, or the Republic of Palau. They should send their FAFSAs to the following address—**not** to the address on the FAFSAs or on the FAFSA envelopes:

Federal Student Aid Programs
P.O. Box 4003
Mt. Vernon, IL 62864-8603

Questions 11 and 12 ask for the student's state and date of legal residence. The student's state of legal residence identifies the state agency to which information will be sent unless the student has refused to authorize such a release in Section G of the form. The state then may use this information to determine eligibility for state student aid programs. The student's state of legal residence is also used in the EFC calculation to determine the appropriate allowance for state and other taxes paid by that state's residents. For a dependent student, the state of legal residence is usually the state in which his or her parents live.

Questions 17 and 18 ask about a student's marital status because the treatment of a student's income and assets in the EFC calculation is directly affected by the student's marital status. Marital status cannot be projected—the student must report his or her marital status as of the date the application is completed.


17. As of today, are you married? *(Fill in only one oval.)*

I am not married. (I am single, widowed, or divorced.) ○ 1

I am married ○ 2

I am separated from my spouse ○ 3

18. Date you were married, separated, divorced, or widowed. If divorced, use date of divorce or separation, whichever is earlier.
(If never married, leave blank.) Month Year

1 9

Question 19 asks whether a student will have a first bachelor's degree before July 1, 1998 because eligibility for Federal Pell Grants and FSEOGs is restricted to students who have not yet received bachelor's degrees. If the student answers "yes" to this question, a message saying the student has received a bachelor's degree will be printed at the top of page one of the SAR or on the electronic filing results. If a student incorrectly reports "yes" to question 19, he or she **must** submit a correction to be eligible for a Pell Grant. Question 20 asks whether a student will have received his or her high school diploma or earned a GED before the first date of his or her enrollment in college.

Questions 21 and 22 ask for the highest grade level completed by a student's father and mother. Father and mother in these questions mean the student's birth parents, adoptive parents, or legal guardian(s), but not stepparents or foster parents. Note that this definition of parents is unique to this question.

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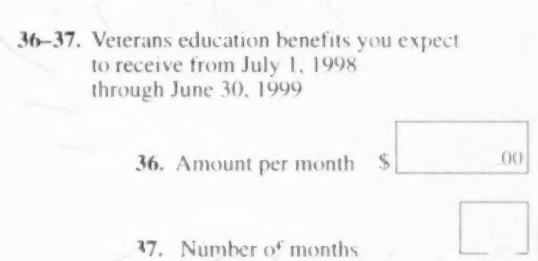
Section B "Your Plans"

Purpose: *Section B collects information on a student's college enrollment plans for the 1998-99 award year, intended course of study, and preference for types of aid. Information on the amount of veterans education benefits a student expects to receive is also collected in this section.*

Question 31 asks a student for his or her grade level for the 1998-99 school year. This question is used to establish the federal limits that apply to the amounts that this student can borrow. High school seniors and persons who will be entering college for the first time should check "1st yr./never attended college." High school students who have taken college-level courses prior to graduating from high school should also answer "1st yr./never attended college."

Questions 32-34 ask a student to indicate what types of aid, in addition to grants, the student (and his or her parents) are interested in receiving. If a student is not sure, he or she should answer "yes" to all three questions and will be considered for all types of aid that are available. A student can decline any aid that he or she is later awarded and that he or she does not want.

Questions 36 and 37 request information about veterans education benefits that the student will receive. The law requires that education benefits offered by the U.S. Department of Veterans Affairs be treated as a resource when determining the student's eligibility for the campus-based programs and as estimated financial assistance when determining the student's eligibility for need-based Direct Loans or FFELs. Veterans education benefits are not used in the EFC calculation; they are collected in this section for the school to use when packaging aid. If an student receives veterans education benefits, the student must report the amount of monthly benefits that he or she expects to receive during the school year (from July 1, 1998 through June 30, 1999). Such benefits include Selective Reserve Pay (Montgomery GI Bill—Chapter 1606), New GI Bill (Montgomery GI Bill—Chapter 30), Post-Vietnam Veterans Educational Assistance Program (VEAP) (Chapter 32), Vocational Rehabilitation (Chapter 31), REBS (Restored Entitlement Benefits for Survivors—Section 156), Educational Assistance Program (Chapter 107), and Dependents Educational Assistance Program (Chapter 35).


36–37. Veterans education benefits you expect to receive from July 1, 1998 through June 30, 1999
36. Amount per month $ .00
37. Number of months

Section C "Student Status"

Purpose: *The questions in Section C determine whether a student is considered a dependent student or an independent student under the law for purposes of calculating an EFC. This section is important in determining a student's EFC under the federal need analysis formula. An independent student does not report parental information on the FAFSA. A student's income and assets are always included in the EFC calculation. An FAA may override a student's dependency status in individual cases if he or she decides that a student should be considered an independent student, regardless of the answers to the questions in Section C.*

Independent Student Definition

Questions 38-43 ask a student whether he or she meets any of the criteria that would establish him or her as an independent student. A student is automatically considered independent if he or she meets at least one of the following criteria:

- ❑ the student was born before January 1, 1975;
- ❑ the student is a veteran of the U.S. Armed Forces (Army, Air Force, Navy, Marine Corps, or Coast Guard);
- ❑ the student will be enrolled in a graduate or professional program (beyond a bachelor's degree) in 1998-99;
- ❑ the student is legally married on the date the student signs the application;
- ❑ the student is an orphan or a ward of the court (or has been a ward of the court until reaching the age of 18); or
- ❑ the student has legal dependents other than a spouse.

A student who answers "yes" to question 40 (*Will you be enrolled in a graduate or professional program...?*) is not eligible for a Federal Pell Grant. If a student incorrectly reports "yes" to question 40, he or she must submit a correction to be eligible for a Pell Grant.

The instructions explain each criterion in greater detail. The student should read them carefully, because they define some of the terms used, such as "veteran," "legally married," "orphan," and "legal dependent." The student should note in particular that the definition of veteran includes a student who attended one of the service academies and was released under a condition other than dishonorable. A student answering "yes" to any question in Section C will be classified as an independent student, even if the student is still living with his or her parents.

After Section C, the form asks for parental information and student/spouse information separately. An independent student is not required to provide any parental information.

A dependent student provides information about himself or herself in the white areas and about his or her parents in the blue areas. The dependent student and at least one parent must sign the FAFSA.

An independent student gives information only about himself or herself and about his or her spouse (if married) by filling out the white areas and gray areas. The student must sign the FAFSA.

Definition of "Parent"

The term "parent" is not restricted to a student's biological parents. There are several instances in which a person other than a student's biological parent is treated as the student's parent. If this person is considered a parent to the student, as defined by the list that follows, then the parental questions on the application must be answered as they apply to that person.

Adoptive Parent—is treated in the same manner as biological parents.

Foster Parent—is not treated as a student's parent.

Legal Guardian—is treated in the same manner as a biological parent, if the court has appointed him or her **and** if the court has directed him or her to use his or her financial resources to support the student. This legal relationship must continue beyond June 30, 1999. The income and assets of the guardian's spouse would not be reported unless the court directed that those resources be used to support the student. Even if the spouse's income is not reported, the spouse is still included in the applicant's household size.

If a student is living with his or her grandparents or other relatives, the same principle applies. Unless the grandparents have adopted the student or are the student's court-appointed legal guardians and are required by the court to use their resources to support the student, the income of the grandparents should not be reported on the FAFSA. A student should see the FAFSA instructions for more information.

Stepparent—is treated in the same manner as a biological parent if the stepparent is married, as of the date of application, to a student's biological parent whose information will be reported on the FAFSA or if the student has been legally adopted by the stepparent. **There are no exceptions.** The federal need analysis system does not recognize prenuptial agreements. If the biological parent has died and the stepparent survives, then the student is independent (assuming the

student is not dependent on the surviving biological parent), unless the stepparent legally adopted or is the legal guardian of the student. Note that the stepparent's income information for the entire base year, 1997, must be reported even if the parent and stepparent were not married until after 1997.

In cases of death, separation, or divorce, a student must answer parental questions on the FAFSA as they apply to the surviving or responsible parent.

Death of Parent. If one, but not both, of the student's parents has died, the student will answer the parental questions on the basis of the surviving parent and will not report any financial information for the deceased parent on the FAFSA. If both the student's parents are dead when the student fills out the FAFSA, the student must answer "yes" to Question 42, making the student independent. If the last surviving parent dies after the FAFSA has been filed, the student must use the SAR to update his or her dependency status and all other information as appropriate.

Divorce of Parents. If the student's parents are divorced or separated, the student should report the information of only one parent, the parent that he or she lived with the most during the past year. **It does not make a difference who claims the student as an exemption for tax purposes.** If the student did not live with either parent or lived equally with each parent, then the parental information must be provided for the parent from whom the student received the most financial support or the parent from whom the student received the most support the last time support was given.

Separation of Parents. If a separation has occurred, the same rules as for a divorce should be used to determine which parent's information must be reported. The separation need not be a legal separation—the student's parents may consider themselves separated when one of the parents has left the household for an indefinite period of time. However, if the parents still live in the same house, they would not be considered separated, and information for both parents must be reported.

Common-Law Marriage. If the student's parents are living together and have not been formally married but meet the criteria in their state for a common-law marriage, they should report their status as married on the application. If the state does not consider the situation to be a common-law marriage, then the parents should file the FAFSA as if they are separated. Check with the appropriate state agency concerning the definition of a common-law marriage.

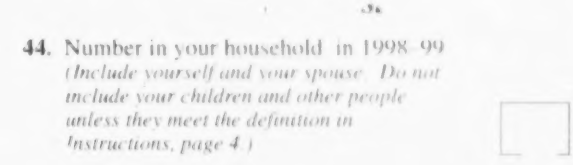
Section D "Household Information"

Purpose: *The number of family members reported in Section D determines the income protection allowance that will be subtracted from the family's income to account for basic living expenses. The number of family members in college directly affects the family's ability to contribute to the student's education costs. The student's EFC is divided by the number of family members in college.*

Household Size

The following persons may be included in the household size of an independent student:

- ❑ the student;
- ❑ the student's spouse, excluding a spouse not living in the household as a result of death, separation, or divorce;
- ❑ the student's dependent children, if they received or will receive more than half of their support from the applicant's household between July 1, 1998 and June 30, 1999;
- ❑ the student's unborn child, if that child will be born before or during the award year and the applicant's household will provide more than half of the child's support from the projected date of birth to the end of the award year (if there is a medical determination of a multiple birth, then all expected children can be included); and


44. Number in your household in 1998-99
(Include yourself and your spouse. Do not include your children and other people unless they meet the definition in Instructions, page 4.)

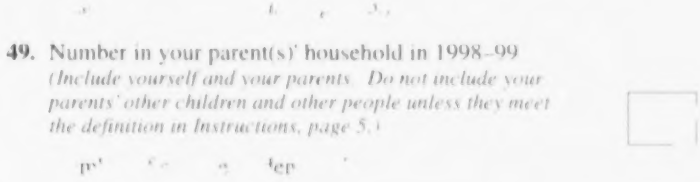
- ❑ other persons, if they live with the student **and** receive more than half of their support from the applicant's household at the time of application and will continue to receive that support for the entire 1998-99 award year (July 1, 1998 through June 30, 1999).

The following persons may be included in the household size of a dependent student's parents:

- ❑ the student (even if the student does not live with the parents);
- ❑ the student's parent(s), excluding a parent not living in the household as a result of death, separation, or divorce;
- ❑ the student's siblings, if they received or will receive more than half of their support from the student's parent(s) between July 1, 1998 and June 30, 1999 **or** if they would be required to report parental information on the FAFSA;

- the student's children, if they received or will receive more than half of their support from the student's parent(s) between July 1, 1998 and June 30, 1999 (even if the children do not live with the student's parents, they must be counted if they meet this criteria);

- the student's parents' unborn child and/or the student's unborn child, if that child will be born before or during the award year (July 1, 1998 through June 30, 1999) and the student's parents will provide more than half of the child's support from the projected date of birth until the end of the award year (if there is a medical determination of a multiple birth, then all expected children can be included); and


49. Number in your parent(s)' household in 1998–99
(Include yourself and your parents. Do not include your parents' other children and other people unless they meet the definition in Instructions, page 5.)

- other persons, if they live with **and** receive more than half of their support from the student's parent(s) at the time of application and will continue to receive that support for the entire 1998-99 award year (July 1, 1998 through June 30, 1999).

For the purpose of including children in the household size, the "support" test is used (rather than a residency requirement) because there may be situations in which a parent supports a child who does not live with him or her, especially in cases where the parent is divorced or separated. In such cases, the parent who provides more than half of the child's support may claim the child in his or her household size. If the parent receives benefits (such as Social Security or AFDC payments) in the child's name, these benefits must be counted as parental support to the child.

A student should remember that financial information for a stepparent must be reported on the form, and that the stepparent must be included in household size.

Number in College

Questions 45 and 50 ask about the number of household members who, in 1998-99, are or will be enrolled in a postsecondary school for at least 6 credit hours in at least one term, or for at least 12 clock hours per week, even if the student does not complete a term. To be counted, a parent or other household member must be working toward a degree or certificate leading to a recognized education credential at a postsecondary school that is eligible to participate in any of the federal student aid programs. The applicant should **always** be included, even if he or she will be enrolled less than half time.

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Section E "1997 Income, Earnings, and Benefits"

Purpose: *The EFC calculation uses a family's income from this section and the family's household size and other expenses to determine if the family has any discretionary income. If the family has discretionary income, a portion, and only a portion, of that income is included in the EFC as available for the student's educational costs.*

Section E collects information on the base-year income of the parents (if the student is dependent) and of the student and spouse (if applicable), as well as income tax paid, tax-filing status, and the number of exemptions claimed. The base year for applicants for 1998-99 is the 1997 tax year. Each question gives the line reference to the 1997 IRS tax form. Estimated base-year income for the tax year may be used if the family has not yet filed its 1997 tax return. However, if it turns out that the estimated information is incorrect, the student must make corrections when the tax return is filed.

When completing Questions 51 or 63, a student and/or parent must indicate from which tax form they are getting the information for this section of the FAFSA. Sometimes a 1997 IRS Form 1040 is filed even though a 1040A, 1040EZ, or 1040TEL could have been filed. In such an instance, a student or parent should indicate eligibility to file a 1040A, 1040EZ, or 1040TEL by checking Box A if a tax return has been filed or Box C if a tax return has not been filed at the time the FAFSA is completed.

The following 1997 U.S. income tax figures are from	STUDENT (& SPOUSE) *Everyone must fill out this column.* 51. *(Fill in one oval.)*	PARENT(S) 63. *(Fill in one oval.)*
A—a completed 1997 IRS Form 1040A, 1040EZ, or 1040TEL	○ 1	A ○ 1
B—a completed 1997 IRS Form 1040	○ 2	B ○ 2
C—an estimated 1997 IRS Form 1040A, 1040EZ, or 1040TEL	○ 3	C ○ 3
D—an estimated 1997 IRS Form 1040	○ 4	D ○ 4
E—will not file a 1997 U.S. income tax return *(Skip to question 55.)*	○ 5	E *(Skip to 67.)* ○ 5

If a student and his or her parents or spouse, as applicable, don't file and are not required to file a tax return, or have not yet filed it, they still must report their earnings. In this case, W-2 forms and other such records should be used to answer the questions. Worksheet #1 on page 11 of the FAFSA instructions will help students calculate income.

WORKSHEET #1 *(Keep this worksheet. Your college may ask to see it.)* (Note: Use this worksheet to estimate your 1997 Adjusted Gross Income [AGI] if you do not have a tax return.)	For question 53 Student/Spouse	For question 65 Parent(s)
Wages, salaries, tips, etc.	$ .00	$ .00
Interest income	+ .00	+ .00
Dividends	+ .00	+ .00
Other taxable income (alimony received, business and farm income, capital gains, pensions, annuities, rents, unemployment compensation, Social Security, Railroad Retirement, and all other taxable income)	+ .00	+ .00
Add all of the numbers in the column	= .00	= .00
Subtract IRS-allowable adjustments to income (payments to IRA and Keogh Plans, one half of self-employment tax, self-employed health insurance deduction, interest penalty on early withdrawal of savings, and alimony paid)	- .00	- .00
TOTAL—Write this amount in question 53 and/or 65:	$ .00	$ .00

Alternative Tax Return Forms

One of the following 1997 income tax forms may be listed on the FAFSA as an alternative to Form 1040A, 1040EZ, or 1040TEL: the income tax return required by the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, the Republic of the Marshall Islands, the Federal States of Micronesia, or Palau.

Foreign Income

Income earned in a foreign country is treated in the same way as income earned in the United States, if taxes were paid to the central government of that country. A foreign tax return is considered to be an IRS Form 1040 for the purpose of completing the FAFSA. A student should report the value of the foreign income in U.S. dollars (using the exchange rate at the time of application) as the AGI line item and as the "income earned from work" line item.

A student should also include the value of taxes paid to the foreign government on the "U.S. income tax paid" line item. (If the income earned in the foreign country was not taxed by the central government of that country, the income should be reported as untaxed income.)

> ***Form 2555.*** In many cases, if a student or parent files a return with the IRS for a year in which foreign income was earned, a portion of the foreign income can be excluded on a Form 2555 for U.S. tax purposes. The figure reported on line 43 of Form 2555 (or line 18 of Form 2555EZ) should be reported as "untaxed income" on the FAFSA. The final total for the Form 2555 must not be reported as untaxed income because it contains other exclusions.

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Income Earned from Work

The line items for income earned from work (including FWS and other need-based employment earnings) are used to calculate the Social Security tax allowances and the employment expense allowance. The income earned from work will also be used in the EFC calculation as an income factor when no AGI is reported.

Untaxed Income and Benefits

Questions 57-61 and Questions 69-73 include separate line items to collect information about untaxed income and benefits. Line items include Earned Income Credit, Social Security benefits, Temporary Assistance to Needy Families (TANF-Tempo, the state-administered plans that replaced Aid to Families with Dependent Children [AFDC or ADC] payments), and child support because these are the most common forms of untaxed income and benefits. Note that if Social Security benefits are paid to parents on behalf of a student (because the student was under 18 years old at the time), those benefits are reported as the parent's income, not the student's income. If the Social Security check was made payable to the student, it would be reported as the student's income.

1997 Untaxed income and benefits (yearly totals only):

Earned Income Credit (Form 1040–line 56a, Form 1040A–line 29c, or Form 1040EZ–line 8a)	57.	$ .00	69.	$ .00
Untaxed Social Security Benefits	58.	$ .00	70.	$ .00
AFDC/ADC or TANF *(See Instructions, pages 6 and 7.)*	59.	$ .00	71.	$ .00
Child support received for all children	60.	$ .00	72.	$ .00
Other untaxed income and benefits from Worksheet #2, page 11	61.	$ .00	73.	$ .0

Filers must report VA Educational Work-Study allowances as untaxed income. Also, the instructions now inform applicants not to include contributions to, or payments from, flexible spending arrangements (also known as "cafeteria plans"), because these are essentially employee benefit programs.

Students must be sure that Question 61 or 73, "Other untaxed income and benefits," does not include any of the benefits already reported in previous line items. Worksheet 2 on page 11 of the FAFSA instructions will help students calculate their untaxed income and benefits.

WORKSHEET #2 *(Keep this worksheet. Your college may ask to see it.)*

	For question 61 Student/Spouse	For question 73 Parent(s)
Amounts from IRS tax forms		
Deductible IRA and/or Keogh payments from Form 1040-total of lines 23 and 28 **or** 1040A-line 15	$ .00	$ .00
Untaxed portions of pensions from Form 1040-line 15a minus 15b and 16a minus 16b **or** 1040A-line 10a minus 10b and 11a minus 11b (excluding "rollovers")	+ .00	+ .00
Credit for Federal tax on special fuels from IRS Form 4136-line 9. Total Income Tax Credit (non-farmers only)	+ .00	+ .00
Foreign income exclusion from Form 2555-line 43 or Form 2555EZ-line 18	+ .00	+ .00
Tax exempt interest income from Form 1040-line 8b **or** 1040A-line 8b	+ .00	+ .00
Other Untaxed Income and Benefits		
Payments to tax-deferred pension and savings plans (paid directly or withheld from earnings) as reported on the W-2 Form. Include untaxed portions of 401(k) and 403(b) plans.	+ .00	+ .00
Welfare benefits (except AFDC/ADC or TANF, which you should have reported in FAFSA question 59 or 71)	+ .00	+ .00
Workers' Compensation	+ .00	+ .00
Veterans noneducation benefits such as Death Pension, Dependency & Indemnity Compensation (DIC), etc.	+ .00	+ .00
Housing, food, and other living allowances (excluding rent subsidies for low-income housing) paid to members of the military, clergy, and others (including cash payments and cash value of benefits)	+ .00	+ .00
Cash or any money paid on your behalf, not reported elsewhere on this form	+ .00	XXXXXXXXXX
Any other untaxed income and benefits, such as Black Lung Benefits, Refugee Assistance, untaxed portions of Railroad Retirement Benefits, VA Educational Work-Study allowances, or wages not subject to taxation by any government.	+ .00	+ .00
TOTAL—Write this amount in question 61 and/or 73:	$ .00	$ .00

Do not include:

- Social Security
- Any income reported elsewhere on the form
- Money from student financial aid
- Food stamps
- "Rollover" pensions
- JTPA benefits
- Gifts and support, other than money, received from friends or relatives
- Veterans educational benefits (GI Bill, Dependents Education Assistance Program, VA Vocational Rehabilitation Program, VEAP benefits, etc.)
- Payments received from states for foster care and adoption assistance, under title IV-A or IV-E of the Social Security Act
- Contributions to, or payments from, flexible spending arrangements (e.g., cafeteria plans)

Any cash support that the student receives from a friend or relative (other than the parent, if the student is dependent) must be reported as untaxed income. Cash support includes payments made on behalf of the student. For instance, if the student's aunt pays the student's rent or utility bill, the student must report those payments as untaxed income on the application.

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Other items to report here include:

Income exclusions on IRS form. Two examples are the untaxed portion of capital gains and the interest and dividend exclusion. Even though they are not taxed by the federal government, both must be reported on the application for financial aid purposes, as they represent additional financial resources available to the family.

IRA/Keogh, pensions, and insurance settlements. If the family is eligible to exclude its payments to an IRA/Keogh from taxation, those payments are reported as untaxed income. If payments to other pension funds are not excluded for tax purposes, they would already be included in AGI. A student should report money paid into tax-sheltered or deferred annuities (whether paid directly or withheld from earnings). In addition, any payments from a pension, annuity, or insurance settlement must be reported on the application, either as taxable income or untaxed income, as appropriate. The full amount of the distribution must be reported, whether it was a lump-sum or an annual distribution. The only exception to reporting pension distributions as income is when the pension distribution is rolled over to another retirement plan in the same tax year.

Benefits received on behalf of dependents. Any benefits received by the head of household on behalf of persons included in household size (Section D) must be reported as income to the head of the household. However, if members of the household, such as an uncle or grandmother, receive benefits in their own names, those benefits are not reported as income of the head of household. (Remember, such persons may not be included in household size if they receive in their own names more than half of their support through such benefits.) Because student financial aid is not counted as income, tuition benefits a parent receives for a dependent (for example, from the parent's employer) are not included as untaxed income but as a resource and as estimated financial assistance.

Underpayments and overpayments of benefits. The actual amount of benefits received for the year in question must be reported, even if that amount represents an underpayment or an overpayment that may be compensated for in the next year. This parallels the IRS treatment of overpayments of taxable income (such as salary) that must be reported and are taxed as any other income. However, if the underpayment or overpayment was adjusted in the same year, only the net amount received during that year would be reported.

Housing allowances. Housing allowances provided to the parents or student must be reported. This applies to compensation that some people, particularly clergy and military personnel, receive for their jobs. If the parent or student receives money to pay rent, he or she should list the amount of money received. If the parent receives use of a house or

apartment, he or she should report the amount that he or she would pay to rent a comparable house or apartment (market value). Similarly, if the student received free room and board in the base year for a job that was not awarded as student financial aid, the student must report the value of the room and board as untaxed income. (This category, "housing allowances," excludes rent subsidies for low-income housing.)

Certain income and benefits the student or parent received should not be reported on the application. Worksheet 2 lists some of these:

Student financial aid. Student aid has no effect on the amount of a Pell Grant the student receives and is already taken into account as a resource for campus-based aid and as estimated financial assistance for FFEL and Direct Loans.

Food stamps. Food stamps are regarded as "in-kind" assistance. Benefits received from a federal, state, or local government for the following programs are not counted as untaxed income: Women, Infants, and Children Program; Food Distribution Program; Commodity Supplemental Food Program; National School Lunch and School Breakfast Programs; Summer Food Service Program; and Special Milk Program for Children.

Child-care benefits. The worth of daycare services provided by government or private programs should not be reported, as they are a form of in-kind income. (Note: Some states provide reimbursement for childcare expenses incurred by welfare recipients through AFDC or TANF. These benefits **are** reported on the application because the individual bills the state for the amount of childcare costs incurred while on welfare and is reimbursed on that basis.)

Per capita payments to Native Americans. Per capita payments received in 1997 from the Per Capita Act or the Distribution of Judgment Funds Act should not be reported unless they exceed $2,000. Thus, if an individual payment were $1,500, it would not be reported on an application. However, if the payment were $2,500, the amount that exceeds $2,000—$500—would be reported as untaxed income.

Heating/fuel assistance. Exclude from consideration as income or resources any payments or allowances received under the Low-Income Home Energy Assistance Act (LIHEA). (Note: Payments under the LIHEA are made through state programs that may have different names.)

Exclusions from Taxed Income

Questions 62 and 74 ask for the total of income and benefits that are to be excluded from taxable income. Worksheet #3 on page 12 of the FAFSA instructions will help a student calculate exclusions for amounts included in taxed income, such as work-study earnings. Because the items listed in this worksheet will be entered on the form and excluded from income in the calculation, the student should not subtract them from the income listed in Questions 53, 55, 56, 65, 67, and 68. These amounts should be calculated on the basis of what was received between January 1, 1997 and December 31, 1997, **not on what was received during the school year.**

Grant and scholarship aid. Any grant and scholarship aid that was reported on the student's 1997 income tax form (because it was in excess of tuition, fees, books, and required supplies) should be reported as an exclusion.

Work-study earnings. Earnings from work are reported as income on the financial aid application as part of AGI or income earned. However, if those earnings are part of a financial aid package and are intended as need-based financial assistance to the student, they are also reported as an exclusion from taxed income.

National and Community Service living allowance and benefits. The National and Community Service Trust Act of 1993 allows people to earn postsecondary tuition funds by filling unmet community needs. Any living allowance or benefits received under this program should be reported as an exclusion. Any earnings received under this program are not reported as an exclusion.

Child-support payments. Any child-support payments made during 1997 by the student, spouse, or parent whose income is reported on the FAFSA should be reported as an exclusion.

Worksheet #3 *(Keep this worksheet. Your college may ask to see it.)* (Note: On this worksheet, use amounts for the **calendar year from January 1, 1997 to December 31, 1997**, rather than amounts for the school year.)	**For question 62 Student/Spouse**	**For question 74 Parent(s)**
1. Grant and scholarship aid in excess of tuition, fees, books, and required supplies that you reported or will report on your 1997 income tax return (FAFSA questions 53 and/or 65) and/or as your earned income (FAFSA questions 55–56 and/or 67–68).	$ _____ (61)	$ _____ .00
2. Taxable earnings from Federal Work-Study or other need-based work programs	+ _____ (63)	+ _____ .00
3. Allowances and benefits received under the National and Community Service Trust Act of 1993 (AmeriCorps awards).	+ _____ (64)	+ _____ .00
4. Child support **PAID** because of divorce or separation, by student & spouse, or by the parent(s) whose income is reported on this form. (Do not include support for children living in your home.)	+ _____ (66)	+ _____ .00
5. **TOTAL: Write this amount in question 62 and/or 74.**	$ _____ .00	$ _____ .00

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Questions about Reporting Income

Some of the most common questions about reporting income that the Department's FSAIC receives follow:

Why do you ask for income information from the year before the student goes to school?

Studies have consistently shown that verifiable income tax information from the base year (1997 for the 1998-99 award year) is more accurate than projected (1998) information when estimating how much the family will be able to contribute during the coming school year.

What should the student do if the family has special circumstances that aren't mentioned in the application?

Talk to the FAA. If a family's circumstances have changed from the base year (1997) due to loss of employment, loss of benefits, or death or divorce, the FAA may decide to adjust data elements used to calculate the student's EFC, which may increase the student's eligibility for student aid.

If the student lives with an aunt, uncle, or grandparent, should that relative's income be reported instead of parental information?

Only if the relative is the student's adoptive parent or legal guardian, as defined on the FAFSA. The student can be considered to be dependent only on his or her parent(s) or guardian and may report only parental/guardian information on the FAFSA. The student must report any cash support given by relatives, but not in-kind support (such as food and housing) from relatives.

What if the student lives with a girlfriend or boyfriend who pays the rent?

The student should not report any information for a friend or roommate unless they are actually married or are considered to have a common-law marriage under state law. The student must report any cash support given by the friend as untaxed income but should not report in-kind support (such as food). The student would have to report as income the rent the roommate paid if the student's name were on the lease and if the roommate were paying the rent on the student's behalf.

When is work considered student aid?

Generally, grants and scholarships are not considered to be taxed or untaxed income. If the student has an ROTC scholarship, a private scholarship, or any other kind of grant or scholarship, that scholarship or grant will be considered as an available resource by the financial aid office when packaging aid but will not be reported as income on the application.

In some cases, the student may have a job that was awarded as need-based financial aid. The income from that job should be reported in Question 62 as an exclusion from income. For income to be excluded, the job has to have been awarded to the student based on financial need. Thus, if the financial aid office gave the student a "Stay-In-School" job or a job as a resident advisor as a part of the student's aid package, the income from that job would be reported as an exclusion. On the other hand, if the student got a job that was not awarded as part of the student's financial aid package, the income from that job would not be reported in Question 62 as an exclusion. In addition, the student should report grants and scholarships that are reported on the tax return (because they are in excess of tuition, fees, books, and required supplies). The student should report these items in Question 62 as an exclusion. Worksheet #3 on page 12 of the FAFSA will help students answer Question 62.

What's the difference between cash support and in-kind support?

Cash support is support given either in the form of money or money that is paid on behalf of the student. The student must report cash support as untaxed income. Thus, if a friend or relative gives the student grocery money, it must be reported as untaxed income. If the friend or relative pays the student's electric bill or part of the student's rent, the student must report those payments.

Examples of in-kind support are free food or housing that the family receives. The student usually doesn't report such support. So, if the student is living rent-free with a friend or relative, the student does not report rental value as untaxed income, unless the student's name is on the lease.

However, the application does require a student to report the value of housing that the family receives as compensation for a job. The most common example is free housing or a housing allowance provided to military personnel or clergy.

Simplified Needs Test

Purpose: *Page 7 of the FAFSA instructions includes worksheets A and B, which are used to determine if a student needs to complete Section F. The primary purpose of the "Simplified Needs Test" is to shorten the application process for some students.*

Basically, a dependent student does not have to fill out the asset information in Section F if the parents' AGI was less than $50,000 **and** the student and his or her parents were not required to use the IRS Form 1040 to file taxes. An independent student qualifies for the Simplified Needs Test and does not have to complete Section F when a student's (or a married couple's) AGI is less than $50,000 **and** the student (or married couple) is not required to file an IRS Form 1040.

An independent student completes Worksheet A; a dependent student completes Worksheet B. Questions 1 and 2 on each worksheet ask about the income used to determine whether the student qualifies for the Simplified Needs Test. Question 1 asks if the AGI from the tax form is $50,000 or more. Question 2 asks if the total of income earned from work is $50,000 or more. Both questions list the question numbers from Section E where the income information is provided.

Worksheet B—Student and Parents

1)	Is the amount in question 65 $50,000 or more?	Yes ○ No ○
2)	Is the total of question 67 plus 68 $50,000 or more?	Yes ○ No ○
3)	Are your parents required to file an IRS 1040? (Required means they were not eligible to file a 1040A or 1040 EZ.)	Yes ○ No ○
4)	Are you, the student, required to file an IRS 1040? (Required means you were not eligible to file a 1040A or 1040EZ.)	Yes ○ No ○

If you answered "Yes" to any of the questions, you must complete Section F.
If you answered "No" to all the questions, you may skip Section F. Go on to Section G.

Question 3 on Worksheet A asks whether the student or the student's spouse is required to complete the 1040. Question 3 on Worksheet B asks whether the parents are required to complete the 1040, while Question 4 asks whether the student is required to complete the 1040. The student should answer "yes" if any one of these people was required to complete the 1040 (for example, to report business income). However, if the student, spouse, or parent completed the 1040 but could have filed the 1040A, 1040EZ or 1040TEL (for example, if he or she filed through a tax preparer that only uses the 1040), the student can answer "no" to question 3 or 4.

If the student answers "yes" to any of the questions on Worksheet A or B, he or she **must** complete Section F of the FAFSA (and the rest of the form).

The Simplified Needs Test will usually increase a student's eligibility for federal student aid programs because it does not include family assets. However, a student who qualifies for the Simplified Needs Test might need to complete Section F if he or she wants to be considered for certain types of nonfederal student financial aid from the postsecondary school he or she will be attending, the state in which he or she is a legal resident, or the state in which the postsecondary school is located.

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Section F "Asset Information"

Purpose: *The purpose of Section F is to determine if a family's assets are substantial enough to support a contribution toward a student's COA. Only the net asset value is counted in the need analysis. Any debts against these assets are reported in this section, and they are subtracted from the value of the assets when the EFC is calculated. After the CPS determines the net asset value, the CPS subtracts an asset protection allowance from the parents' assets. The asset protection allowance does not reduce a dependent student's assets, only those of an independent student. Only the amount of the assets that exceeds the allowance is expected to be available for meeting education expenses, and the CPS assesses only a portion of those available assets.*

If a student qualifies for the Simplified Needs Test, he or she does not have to report the family's assets. However, state agencies, private scholarship groups, postsecondary schools, or other groups may require asset information from applicants using the FAFSA if the applicants wish to also apply for nonfederal student aid.

An asset is defined as property owned by the family that has an exchange value. A student does not report as assets possessions such as a car, a stereo, clothes, or furniture.

➥ ***A family's principal place of residence is not reported as an asset. Neither is a family farm if the farm is the principal place of residence and the family claimed on Schedule F of the tax return that it "materially participated in the farm's operation." In certain instances, however, even if the family farm is incorporated and the family files a corporate return instead of IRS Schedule F, the value and debt of the farm are not reported on the FAFSA. In such cases, the applicant must show evidence that family members own all shares of stock in the corporation and that those family members also reside on the farm.***

Ownership of an Asset

There are several situations where the ownership of an asset may be divided or contested:

Part ownership of asset. If the parent or student has only part ownership of an asset, he or she should report only that part. Generally, the value of an asset and debts against it should be divided equally by the number of people who share ownership, unless the share of the asset is determined by the amount invested or the terms of the arrangement specify some other means of division.

Contested ownership. Assets should not be reported if the ownership is being contested. For instance, if the parents are separated and they may not sell or borrow against jointly owned property that is being contested, the parent reporting FAFSA information would not list any value for the property or any debts against it. However, if the ownership of the property is not being contested, the parent would report the property as an asset. If ownership of an asset is resolved after the initial application is filed, the student is not required to update this information.

Lien against asset. If there is a lien or imminent foreclosure against the asset, the asset would still be reported until the party holding the lien or making the foreclosure completes legal action to take possession of the asset.

Other Real Estate and Investments Value

Investments include a wide range of investment items, including trust funds, mutual funds, money-market funds, certificates of deposit, stocks, bonds, other securities, installment and land sale contracts (including mortgages held), commodities, and precious and strategic metals. Investments also include money loaned out by the student or parent (the unpaid principal would be reported as an asset). Real estate includes second or summer homes or rental properties the student or parent owns. A student should report the value of these properties and how much is owed on them as of the date the application is signed.

Rental properties. Sometimes the student or parent will claim that rental properties represent a business. Generally, rental properties must be reported as real estate rather than as business assets. To be reported as a business, a rental property would have to be part of a formally recognized business. (Usually such a business would provide additional services, such as regular cleaning, linen, or maid service.)

Business. A student should report the current market value of a business and should include the value of land, buildings, machinery, equipment, inventories, and the like. He or she should not include the family's primary home, even if it is part of the business. In the next question, the student should write in what is owed on the business, including the unpaid mortgage and related debts.

Investment farm. When reporting the current market value of an investment farm, the student should include the value of the land, buildings, machinery, equipment, livestock, and inventories. The farm debt reported should include the unpaid mortgage and related debts, as well as any loan for which farm assets were used as collateral. As noted earlier, a student should not report a family farm as an asset.

➥ ***Note that when current market value for a business/farm is reported, it must be the amount for which the business/farm could sell as of the date of the application. Also, if the student or parent is not the sole owner of the business/farm, he or she should report only his or her share of the value and the debt.***

"Take-back" mortgages. In a "take-back" mortgage, the seller takes back a portion of the mortgage from the buyer and arranges for the buyer to repay that portion of the mortgage to the seller. For IRS purposes, the seller must report the interest portion of any payments received from the buyer on Schedule B of IRS Form 1040. Therefore, if an amount is reported on this line of the tax return, the family probably has an asset that should be reported on the FAFSA.

The value of the take-back mortgage is the value that the student should report. There would be no debt reported against this asset. For instance, if the family sold its house for $60,000 and had a take-back mortgage of $20,000, the family should report $20,000 under "Other real estate and investments value." This amount will decrease each year, depending on how much of the principal the buyer paid back that year. (This concept would also apply to other forms of seller financing of the sale of a home or other property.)

Trust Funds and Tuition Prepayment Plans

Trust funds in the name of a specific individual should be reported as that person's asset on the application. In the case of divorce or separation, where the trust is owned jointly and ownership is not being contested, the property and the debt are equally divided between the owners for reporting purposes, unless the terms of the trust specify some other method of division.

As a general rule, the student must report the present value of the trust as an asset, even if the beneficiary's access to the trust is restricted. If the settlor of a trust has voluntarily placed restrictions on the use of the trust, then the student should report the trust in the same manner as a trust that did not have any specific restrictions. The way in which the trust must be reported varies according to whether the student (or dependent student's parent) receives or will receive the interest income, the trust principal, or both.

Interest only. If a student, spouse, or parent receives only the interest from the trust, any interest received in the base year must be reported as income. Even if the interest accumulates in the trust and is not paid out during the year, the person who will receive the interest must report an asset value for the interest he or she will receive in the future. The trust officer can usually calculate the present value of the interest the person will receive while the trust exists. This value represents the amount a third person would be willing to pay to receive the interest income that the student (or parent) will receive from the trust in the future.

Principal only. The student, spouse, or parent who will receive only the trust principal must report the present value of his or her right to the trust principal as an asset. For example, if the principal is $10,000 and it reverts to a dependent student's parents when the trust ends in 10 years

but the student is receiving the interest earned from the trust, the student must report as a parental asset the present value of the parents' rights to the trust principal. The present value of the principal is the amount that a third person would pay at the present for the right to receive the principal 10 years from now (basically, the amount that one would have to deposit now to receive $10,000 in 10 years, including the accumulated interest). Again, the present value can be calculated by the trust officer.

Both principal and interest. If a student, spouse, or parent receives both the interest and the principal from the trust, the student should report the present value of both interest and principal, as described in the discussion of principal only. If the trust is set up so that the interest accumulates within the trust until the trust ends, the beneficiary should report as an asset the present value of the funds (both interest and principal) that he or she is expected to receive when the trust ends.

If a trust has been restricted by court order, the student should not report it as an asset. An example of such a restricted trust is one set up by court order to pay for future surgery for the victim of a car accident.

➥ ***Note that the Michigan Education Trust and all similar tuition prepayment plans are excluded from being reported as assets on the FAFSA. (The annual value of the tuition prepayment should either be used to reduce the student's COA or should be counted as estimated financial assistance.)***

Excluded Assets

Some assets that are not reported follow:

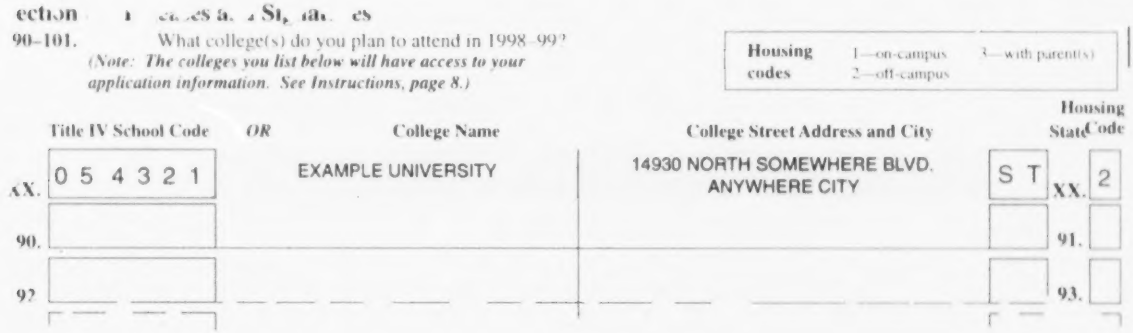
Pensions and whole life insurance. Pensions are not counted as assets for application purposes. Of course, when the income from a pension is distributed to the beneficiary, either as a lump sum or in incremental distribution, the income must be reported. The cash value or built-up equity of a life insurance policy (often referred to as a whole-life policy) is not reported as an asset.

Excluded assets for Native American students. The law explicitly excludes reporting any property received under the Per Capita Act or the Distribution of Judgment Funds Act (25 United States Code 1401, et seq.), the Alaska Native Claims Settlement Act (43 United States Code 1601, et seq.), or the Maine Indian Claims Settlement Act (25 United States Code 1721, et seq.).

Section G "Releases and Signatures"

Purpose: *This section permits a student to list up to six schools that he or she is interested in attending. The Department will send the student's information to all the schools listed in Section G. A student should not write in the name of a school if they don't want the school to receive their application information. A student should list each school's Title IV School Code.*

Questions 90-101 ask a student to list up to six schools to which he or she wants the FAFSA data and results sent. They also ask a student to select a housing code that best describes the type of housing he or she expects to live in for each of the schools listed.


ection
90–101. What college(s) do you plan to attend in 1998–99?
(Note: The colleges you list below will have access to your application information. See Instructions, page 8.)

Housing codes: 1—on-campus 2—off-campus 3—with parent(s)

	Title IV School Code	OR	College Name	College Street Address and City	State	Housing Code
XX.	0 5 4 3 2 1		EXAMPLE UNIVERSITY	14930 NORTH SOMEWHERE BLVD. ANYWHERE CITY	S T	XX. 2
90.						91.
92.						93.

For a student who wants information sent to more than six schools, there are several ways to make sure all the schools can receive his or her data.

1. The student may list six schools on the application, wait for the SAR, and then correct the SAR by replacing some or all of the original six schools with other schools. After the application is processed, the student may also send a letter to the CPS requesting changes in schools; in this case, all six schools from the original application will be replaced with the schools the student lists in the letter. Corrections made at the same time this is done or subsequently will not be sent to the schools that are replaced with new schools.

2. The student may call the FSAIC (on the toll line, at 1-319/337-5665) to request changes to the schools (institution codes) to which the SAR is sent, or to request a change in his or her address. The student must receive his or her SAR before requesting these changes.

3. If a school that is not listed on the SAR participates in EDE, that school may use the student's DRN number (printed on the SAR) to get the student's data electronically. That school would then replace one of the schools listed in the original application.

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The CPS will send data to only six schools at a time for one student. For example, if the student originally listed six schools on the application and then replaced all six with new schools by changing the SAR, only the second six schools would get data from this correction. If the student then made other corrections, only the second set of schools would get the corrected data.

For a school to receive a student's data, the student must list the school's name and Title IV School Code or address. The FAFSA will be processed faster if the student writes in the Title IV School Code and the name of the school. These codes are not in the FAFSA instructions; they are provided in the "Title IV School Code List" that the Department sends to high schools, colleges, and public libraries each fall around the same time the FAFSAs are distributed. The Department also makes this list available on the web at http://www.ed.gov/offices/OPE/t4_codes.html.

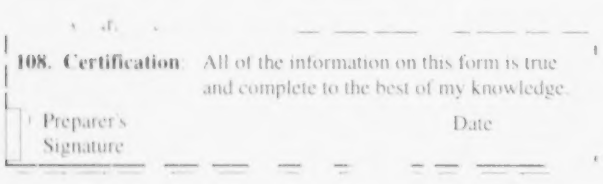
Although parental information must be provided for a dependent student, a high school counselor or a postsecondary school's FAA may sign the application in place of the parent(s) if:

- ❑ the parent(s) is not currently in the United States **and** cannot be contacted by normal means,
- ❑ the current address of the parent(s) is not known, or
- ❑ the parent(s) has been determined physically or mentally incapable of providing a signature.

The signature of a counselor or FAA serves as a mechanism to get the application through the processing system. The counselor or FAA must provide his or her title in parentheses next to his or her signature and briefly state the reason (only one reason is needed) why he or she is signing for the parent(s). Also, if both parents are unable to sign the application, the counselor or FAA need sign only once in place of both parents. The counselor or FAA assures a minimum level of credibility in the data submitted. However, the counselor or FAA does not assume any responsibility or liability in this process. If the FAA finds any inaccuracies in the information reported, he or she should direct the student to send the SAR through the normal correction process or should submit corrections through EDE.

Section H "Preparer's Use Only"

The law requires that if anyone other than a student, the student's spouse, or the student's parents prepares the application, then the preparer must write in his or her name, the firm/company name (if applicable), the firm/company address, and either the firm/company's Employer Identification Number (EIN) (as assigned by the IRS) or the preparer's SSN.


108. Certification
All of the information on this form is true and complete to the best of my knowledge.
Preparer's Signature
Date

Question 108 requires the preparer to sign the form.

High school counselors, FAAs, and others who help students with their applications by actually filling out line items on the form or dictating responses to items on the form are considered preparers. Preparers must complete this section even if they are not paid for their services.

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APPENDIX:
SOURCES OF INFORMATION

For information on any federal student financial aid programs discussed in this handbook, you or your students may call the FSAIC 8 a.m. to 8 p.m. eastern time Monday through Friday at

1-800/4-FED-AID (1-800/433-3243)—toll-free or

1-800/730-8913 (TDD only)—toll-free for the hearing impaired

The toll-free line at the FSAIC provides the following services:

- ❑ helping complete the federal student aid application form (the FAFSA),
- ❑ explaining the SAR and how to make corrections,
- ❑ reviewing an application or correction in the case of a possible FAFSA processor data entry error,
- ❑ making a correction in the event of a processor data entry error,
- ❑ checking on whether a school participates in federal student aid programs,
- ❑ explaining who is eligible for federal student aid,
- ❑ explaining how federal student aid is awarded and paid,
- ❑ explaining the verification process, and
- ❑ mailing requested publications.

The toll line at the FSAIC (1-319/337-5665) provides the following services:

- ❑ checking the status of a financial aid application,
- ❑ mailing a duplicate SAR,
- ❑ changing a student's address, and
- ❑ changing the schools a student listed on his or her application.

The FSAIC cannot accept collect calls.

The FSAIC is **not** able to

- ❑ make policy,
- ❑ expedite the federal student aid application process,
- ❑ discuss a student's federal student aid file with an unauthorized person,
- ❑ change a student's file without written, signed authorization (unless the CPS made a data entry error), or
- ❑ influence an individual school's financial aid policies.

If an FAA or a student has reason to suspect fraud, waste, or abuse involving federal student aid funds, he or she should call the toll-free hotline of the U.S. Department of Education's Inspector General's office at:

1-800/MIS-USED (1-800/647-8733)

A high school student's initial sources of information on federal student aid should be *Funding Your Education* (see the annotated listing that follows), the instructions in the federal aid application booklet, high school counselors, and postsecondary school FAAs.

A student or FAA may also access the Department's website, which currently provides general information about the Department and access to some of the Department's publications. The main site address for information about the Department's financial aid programs is

http://www.ed.gov/offices/OPE/Students

Currently, the 1997-98 version of the *Student Guide* is available at

http://www.ed.gov/prog_info/SFA/StudentGuide

Funding Your Education is available at

http://www.ed.gov/prog_info/SFA/FYE

We expect the 1998-99 versions of *Funding Your Education*, the *Student Guide*, and other publications to be available soon.

Funding Your Education—This is a free booklet giving federal student financial aid application information and describing the U.S. Department of Education's major financial aid programs. Individual copies are available from:

Federal Student Aid Information Center
P.O. Box 84
Washington, DC 20044-0084

The EFC Formula Book—A free booklet explaining the need analysis formula enacted by Congress that produces the EFC; it also contains worksheets. It is available from:

Federal Student Aid Information Center
P.O. Box 84
Washington, DC 20044-0084

School Shopping Tips—This is a free guide to choosing a school carefully. It suggests specific things to look for when choosing a school and a career. It is available from:

Federal Student Aid Information Center
P.O. Box 84
Washington, DC 20044-0084

AWARE Early Awareness Software—Free interactive software designed to provide middle school and high school students with early information about postsecondary education opportunities, attendance costs, and the availability of financial aid. This software is being updated; we expect it to be available in spring 1998. New features include a module specifically for parents.

The AWARE software is available on CD-ROM only from:

U.S. Department of Education
Application and Pell Processing Systems Division - AWARE
ROB-3, Room 4621 MS 5454
600 Independence Avenue, S.W.
Washington, DC 20202

Need a Lift?—The 47th edition (1998 issue) of this publication contains a survey of educational opportunities, loans, scholarships, and careers. For credit cards orders only, the number is 1-888/453-4466. (The cost, including shipping, is $4.95 plus any applicable state tax when paying by credit card). The publication is also available for $3 by ordering through the following address:

The American Legion
National Emblem Sales
P.O. Box 1050
Indianapolis, IN 46206

www.legion.org/educasst.htm

Make it Happen!—A step-by-step guide to college for students in grades 8 through 10. It is available for $1 for per copy (multiple copies require an additional charge) from:

The Education Resources Institute (TERI)
Higher Education Information Center
Youth Programs Department
330 Stuart Street, Suite 500
Boston, MA 02116
1-617/426-0681, ext. 4237

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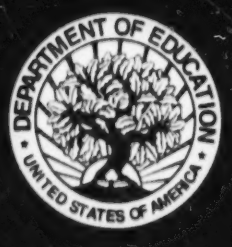

U.S. Department of Education
Student Financial Assistance Programs